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Southern California Dealers Strongly Oppose "Equalization Clause" Amendment

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—The tide of opposition to the proposed so-called equalization clause amendment to the Securities Exchange Act of 1934 is high and rising in southern California. The subject has been much under discussion here during recent weeks, and arrangements have been made to have a representative in Harry B. Wyeth in Washington when the current hearings on the proposed amendments reach the point of giving consideration to this particular suggested revision.

A group of dealers composed of R. J. Eichler, Carey S. Hill, Harvey Roney, Nelson Douglass, and Sherman Asche have taken the lead in getting this matter before the dealers of this section, and the response has been most satisfactory.

On Nov. 15 these individuals, acting as individuals only, drafted a letter on this subject to investment dealers in southern California in which the situation is explained and dealers urged to give the matter serious consideration.

A copy of the letter follows:

Hearings are now going on before the Interstate Commerce Committee of the House of Representatives at Washington concerning proposed amendments to the Securities Act of 1933 and the Securities Exchange Act of 1934.

Certain of these amendments deal with changes in the Act particularly concerning the underwriting of new issues of securities and these are ably sponsored by the Investment Bankers Association and the National Association of Securities Dealers, Inc. There is, however, one proposed amendment to Section 16 of the Exchange Act particularly sponsored by the New York Curb Exchange, which is in our opinion very inimical to the future of the investment business as a whole.

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OUR REPORTER'S REPORT

The action of Secretary of the Treasury Morgenthau in raising the proportions of his projected new money borrowing from $1,000,000,000 to $1,500,000,000 overnight carried the suggestion to some students of the government market that institutional buyers probably will be accorded a choice of two maturities.

It had been the more or less general supposition that the new issue would be set to appeal chiefly to the major insurance companies which are partial to long-term loans with a reasonably attractive coupon.

But raising of the total to be borrowed has caused a revision of such ideas and it is now quite widely anticipated that the new undertaking will be directed toward the banks as well. The latter as is generally known, are partial to short and intermediate maturities.

The set up of the Bank of the Manhattan Company's portfolio, as disclosed at this week's annual meeting of stockholders, is interesting in regard to government paper.

That institution reported it held on Nov. 15, $170,700,000 of Treasury obligations with an average maturity of eight years and three months. Of these 44% mature in less than five years, 13% in five to ten years and 43% after ten years.

Even should the Treasury decide upon an intermediate term issue, however, it is not expected now that such a bond will run for less than 12 years.

Some Prevailing Ideas

Gauging their ideas in keeping with prevailing market conditions, as reflected by outstanding U. S. Government issues, and recognizing the desire of the Treasury to

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Defense Awards To Under-Industrialized Areas Increasing, Says Conference Report

Government contracts for defense materials and industrial facilities are more widely dispersed geographically than in the early months of this year, according to a study prepared by the Division of Industrial Economics of The Conference Board, New York. Following is the Board's analysis issued on Dec. 3:

An increasing proportion of these contracts has been placed in the South and in other areas outside the heavily industrialized regions in the past few months. The cumulative total of defense contracts placed in the West South Central region increased from less than $300,000,000 at the end of March to $1,100,000,000 at the beginning of October. Awards in Oklahoma advanced from $20,000,000 to $300,000,000. Those placed in Texas rose from $220,000,000 to almost $650,000,000.

The West North Central region has also benefited from the trend toward decentralization. It now has $1,400,000,000 in contracts, as against slightly less than $500,000,000 in March. Awards placed in Kansas total $320,000,000, as compared with less than $50,000,000 at the end of March. Minnesota's awards have increased from $15,000,000 to $150,000,000; Iowa's from $65,000,000 to $162,000,000; and Nebraska's from $20,000,000 to $187,000,000. Missouri leads all states in this region with contracts of about $550,000,000.

Regional Distribution of Awards

The most marked decrease in the proportion of contracts received occurred in the Middle Atlantic area, whose share of defense contracts dropped from 31.3% in March to 26.8%, at the beginning of October. There was only a slight decrease in New York, from 11.3% to 10.8%, but in New Jersey there was a decrease from 10.9% to 8.9%, and Pennsylvania's share fell from 9.2% to 7.1%.

The cumulative regional allocation of defense contracts, in percentages of total contracts awarded, has been as follows:

Region—	To Sept. 27, 1941	To Mar. 31, 1941
Middle Atlantic	26.8	31.3
Pacific	18.4	15.8
East North Central	16.4	15.3
New England	10.8	14.4
South Atlantic	11.0	13.3
West North Central	6.9	3.8
West South Central	5.6	2.3
East South Central	2.7	2.5
Mountain	1.4	1.2

Wider Dispersal of New Defense Plant

Contracts for new defense plant and facilities are also being more widely dispersed. In the early months of the defense program most of these awards went to states in the interior, particularly in the East North Central and West North Central area. Early in 1941, these

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Says Utilities Have Developed Rate Structure Rendering Them Virtually Depression-Proof

By W. Truslow Hyde, Jr.

Between the spasms of their growing pains on which the public has focused its attention in recent years, the utilities have developed a rate structure which imparts stability to income and renders them practically depression-proof.

Rates charged by the utilities, under the supervision of regulating authorities, are based on three main considerations—cost of production, the use to which the energy is put, and the amount consumed. Industrial users are granted extremely low rates, due in part to competitive factors and in part to the large volume they require. In most cases, industrial power contracts contain fuel clauses under which the rate is automatically increased to compensate for a rise in fuel costs. Since one-half to two-thirds of the energy generated is sold to industrial consumers, this clause provides an important protection against the effect of higher costs on this large but relatively low profit margin business.

The backbone of the utility industry, from an earnings standpoint, however, is commercial and domestic consumption. Rates for these types of services are much higher than for industrial power and vary in accordance with local cost conditions. In general, however, there is a minimum monthly charge regardless of the amount of energy used; but, once the initial block has been consumed, progressively lower rates apply to any additional volume. These promotional rates, which have been largely responsible for the increased use of electrical appliances in recent years, result in charges on the last unit sold of as little as one-third the initial rate.

The effect of this rate structure during a period of business depression is to maintain utility income at a far more stable level than the unit output. Since industrial power provides only about 30% of utility revenues compared with one-half to two-thirds of unit volume, the loss of a large part of this low profit margin business during a period of industrial depression would not reduce earnings proportionately. Domestic and commercial demand is far less variable, but even here the utility company

(Continued on Page 1323)

N. S. Chadwick Joins Nat'l Sec. & Research

Nathaniel S. Chadwick, since 1932 an executive in the personal trust department of Manufacturers Trust Company of New York, has joined the staff of the economics and investment department of National Securities and Reseach Corporation, 1 Cedar Street, New York City, it was announced by Fred R. Macauley, directing economist of the corporation.

Mr. Chadwick, who has had 26 years' experience in securities, will work in an executive capacity with respect to the selection of securities for the corporation's various funds. He started his career with Hornblower & Weeks, members of the New York Stock Exchange, in 1915, and between that time and 1931 he was with various stock exchange and investment banking firms, including Henry Clews & Company, Walker Brothers and Cowen & Company, and was a partner in his own securities firm. In 1931, before he he became associated with Manufacturers Trust Company, Mr Chadwick was with Standard Statistics Company as a member of their bond supervisory committee.

Ins. Stock Looks Good

Butler-Huff & Co. of California, 210 West Seventh Street, Los Angeles, California, has just issued an interesting circular describing the current situation in securities of Globe & Republic Insurance Co., Firemen's Insurance Co. of Newark, American Insurance Co, Baltimore American Insurance, Paul Revere and Gibraltar, which are particularly attractive at this time. Copies of the circular, which should be of great interest to dealers, may be had upon request.

Treasury To Reduce Weekly Bill Offerings

Secretary of the Treasury Morgenthau announced Nov. 28 that beginning Dec. 10 the Treasury would reduce the amount of its weekly sale of 91-day Treasury bills from $200,000,000 to $150,000,000.

The weekly bill offering since the middle of November has been $200,000,000, with the Treasury receiving $100,000,000 in "new money" after paying off $100,000,000 of maturing bill issues. For four weeks previous to that time the Treasury had been selling $150,000,000 worth of new bills. This latest reduction was made in view of the latest large Treasury cash borrowing.

Secretary Morgenthau had revealed at his press conference on Nov. 27 that the Treasury plans to borrow $1,500,000,000 of "new money" in the market, probably this week and that it will undertake $1,075,000,000 refunding operations during January. Mr. Morgenthau explained that the reasons for separating the cash offering from the refunding offering was that the question of rights to new issues would not become mixed up with cash offering and that the securities might be better priced. The refunding to be undertaken in January will consist of the refinancing of the $426,000,000 principal amount of Treasury notes, plus a number of government agency maturities.

The results of the offerng on Nov. 28 of $200,000,000 of 91-day Treasury bill, dated Dec. 3 and maturing March 4, 1942, were announced on Dec. 1 by Secretary Morgenthau, as follows:

Total applied for	$468,160,000
Total accepted	200,156,000
Range for accepted bids:	
High	100.
Low	99.930
Equivalent rate approximately	0.277
Average price	99.939
Equivalent rate approximately	0.242%

(79% of the amount bid for at the low prices was accepted.)

There was a maturity of a similar issue of bills on Dec. 3 in amount of $100,369,000.

Lord & Morris In N. Y.

Albert C. Lord and Harold T. Morris have announced the formation of Lord & Morris, Inc., with offices at 31 Nassau Street, New York City, to deal in United States Government bonds. Mr. Lord, President and Treasurer of the new firm, was in the past Manager of the Syndicate Department of Lee Higginson Corp. and more recently was in business for himself as financial consultant. Mr. Morris, Vice-President and Secretary of the new organization, for the past 12 years, has been with Wood, Walker & Co.

Annual Christmas Fete For Seattle Bond Traders

SEATTLE, WASH.—The Seattle Bond Traders Club announces that the annual Christmas party will be held in the Mural Room of the Mayflower Hotel on Friday, Dec. 19, 1941, at 6 p.m. Tickets are $4.50.

Morgan Stanley & Co. Will Be Partnership

Morgan Stanley & Co. Incorporated, New York investment bankers, announced on Nov. 27 that it will dissolve before Jan. 1 and form a partnership under the name of Morgan Stanley & Co. The firm's announcement states:

Morgan Stanley & Co. Incorporated announces that it will dissolve prior to Jan. 1, 1942.

Harold Stanley, Henry S. Morgan, Perry E. Hall, John M. Young, Allen Northey Jones, Edward H. York, Jr., Alfred Shriver and Sumner B. Emerson announce that they are forming a partnership under the name of Morgan Stanley & Co., in which they will be general partners. William Ewing and Henry S. Morgan will be limited partners.

According to the New York "Times" of Nov. 28, Mr. Stanley, in commenting on the change in the set-up, said:

"We think that we can be more effective as a partnership than as a corporation because the former type of organization opens up several avenues of activity that have been closed to us as a corporation."

The formation of Morgan Stanley & Co. Inc. to engage in the underwriting and wholesaling of investment securities was noted in these columns Sept. 7, 1935, page 1526, and as was stated therein it was organized by a group of partners and staff members of J. P. Morgan & Co. of New York, and Drexel & Co. of Philadelphia, to carry on the securities business formerly handled by the two private banking firms.

Now Stanley Heller & Co.

Heller & Levenson, members of the New York Curb Exchange, 30 Pine Street, New York City, announce that their firm name has been changed to Stanley Heller & Co.

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Meyer & Gordon Join Harris, Lamoreux Co.

SEATTLE, WASH.—Fred Meyer, Jr. and Paul H. Gordon are now associated with Harris, Lamoreux & Norris, Inc., Hoge Building, in their newly opened trading department. Mr. Meyer was formerly manager of the trading department of Dagg & Co. and prior thereto was an officer of Meyer, Leggatt & Co. Mr. Gordon was also formerly with the trading department of Dagg & Co., Inc., and in the past was in business in Seattle as Paul Gordon & Co.

New Cgo. Office For Huff Geyer & Hecht

CHICAGO, ILL.—Huff, Geyer, & Hecht, Inc., dealers in insurance stocks, announce the opening of an office here in the Field Building, at 135 South La Salle Street, to facilitate trading transactions and sales cooperation with investment houses in the Middle West. Corwin L. Liston, of the firm's New York office, will be in charge temporarily.

Manning & Shanley To Be Formed In Newark

NEWARK, N. J.—John E. Manning and F. Sheppard Shanley will form the New York Stock Exchange firm of Manning & Shanley here on Jan. 1. Mr. Shanley will acquire the Exchange membership of Jon W. Foster, a partner in Paine, Webber & Co., which will continue as a member firm.

Mr. Manning has been a partner in Nugent, Igoe & Manning and prior thereto was a partner in Hirsch, Lilienthal & Co.

Tomorrow's Markets Walter Whyte Says—

The market still appears asleep, but despite that fact and notwithstanding all the moaning, the time has come to buy, not sell; that the market itself seems to be saying; detailed recommendations follow.

By WALTER WHYTE

When one considers the government warning to save paper and stuff, it seems unpatriotic to mar this nice clean white space with remarks about a market that can't get up on it's elbow long enough to even yawn. Still with everybody going around looking like the wife's relatives have settled down for nice long visits, it doesn't seem disloyal to devote some space to what is laughingly, and in some circles even sneeringly, referred to as the Stock Market. Who knows, it might even boost morale.

* * *

Strange thing about this market. Everybody—well almost everybody—agrees that stocks are cheap. Anyway they're not too high. But that, so far as I can see, is the limit of the interest.

* * *

Let a company come out with a fancy earning statement, and what happens? The stock goes off a couple of points. Even a suprise dividend doesn't seem to stir the market out of it's lethargy. True, occasionally such a dividend has a hypodermic effect on the individual stock but before anybody can show enough interest to write out a "Buy" slip the whole thing is over and the stock joins the rest of the list in it's peaceful slumber.

* * *

In the face of all this it is not surprising that few people care a hoot about what stocks do or don't do. After all one

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"JOTTINGS"

Look for a real decline in steel operations due to scrap shortage soon. They might go as low even as 90%. It's been "wolf, wolf" but this time it's real. And very little can be done about it. They're trying to raise 1,500,000 tons from farmers, but that's against annual needs of 54,000,000 tons, of which 28,000,000 must be "purchase scrap." Henderson is again besieged with committees asking for various changes (upward) in scrap prices in addition to those he belatedly allowed on Aug. 8, but even that won't bring in enough. The cost of scrap is mostly labor and freight. Then there will be patriotic scrap collection programs, but it's tough going to make them defray costs.

Among the results will be complete allocation of available scrap. Already dealers are being ordered to send to certain mills; soon they will be also ordered not to send to others. The "others" will be non-defense plants.

That won't do steel earnings any good. If you look at the third-quarter results, the poorest comparisons with 1940 were the companies with the biggest proportion of government business.

This allocation, in turn, may make possible considerable economies in avoiding cross-hauls.

Incidentally the shortage will throw a curious light on the New Deal program of expanding steel capacity at this time. There'll be more capacity but less in operation.

Official airplane figures are going black-out; those you see now are bootleg or unofficial guesses. Such as round 2,200 planes output in November. Even dollar figures on sales and backlogs are now frowned upon—not lest Axis spies get them, but lest labor make too much of them, for wage scales in much of the industry are still below the level of the motor industry and aviation executives don't want to be pushed too fast in upward adjustments.

Chief worries of the industry now are (1) the Vinson bill to limit profits (nominally to 7%, in effect to something nearer 3); and (2) the post-war outlook. Colonel Jouett of the Aeronautical Chamber estimated post-war sales at round $600,000,000. That's nearly three times the previous 1939 peak, but would compare with prospective 1942 sales of $3,500,000,000.

The Vinson bill has very slim prospects indeed, however.

The Army is going into gliders under pressure. Remember that a towed glider-transport is different from a motorless sail-plane for sport. The latter must be unstable enough to catch every little thermal air current; the army glider must ride steadily through them.

Almost everybody in Washington, as here, thinks the Steelman Board just a device for giving Lewis his closed shop. But your jotter is more impressed with the small minority who argue that Lewis was licked and the device is to save his, not the President's face. More important in his frustration than having 70% of the public passively against him was the cold shoulder of the CIO Detroit convention, albeit expressed chiefly in hostility to his brother Dinnie. Steelman is privately against the closed shop despite his award a few years ago in the Appalachian case. And for years he has built up prestige with employers for the Labor Department's Conciliation Service after it had degenerated into a pension plan for old union men; this prestige would go out the window if he voted for the closed shop.

On the other hand even though *some* labor legislation is sure, it won't be much. The House Labor Committee, which has long blocked it, feels that anything "drastic" would bring on widespread strikes, etc. (which hardly speaks well for the temper of labor). Employer witnesses say that Britain has had comparatively little labor trouble recently compared with ours not merely because British labor has more power but because it has more *responsibility*. By law, for in-

(Continued on Page 1319)

Seattle Bond Club Will Hold Xmas Party Dec. 13

SEATTLE, WASH.—The Seattle Bond Club will hold its Christmas Party on Dec. 13th at the Washington Athletic Club. A great time is promised to all attending by Burle D. Bramhall, Bramhall & Stein, President of the Club.

A. E. Aub In Cinti. 30 Years

CINCINNATI, OHIO — A. E. Aub & Co., which recently moved from the Dixie Terminal Building to the Union Trust Building, are celebrating the firm's 30th anniversary in business under single management.

J. H. Ottmann To Manage Bank of Montreal In Cgo.

CHICAGO, ILL.—The Bank of Montreal has announced the appointment of J. H. Ottmann as the Manager of its local office, 29 South La Salle Street, in succession to Angus MacPherson, who has been promoted to the position of Superintendent of the bank's branches in Manitoba and Saskatchewan, with headquarters in Winnipeg.

Securities A Buy

Strong resemblances exist between the situation today and in the late 1920s—only in reverse.

Fanatic optimism, for instance, in the 1928-29 period when the immediate future promised only sunshine and roses compares with the rather fanatic pessimism of today when the immediate future threatens only hell fire and brimstone. The fallacy a decade or so ago was that the viewpoint wasn't focused far enough ahead—and the same situation is probably true today.

In the heyday of the late 1920s, each time a corporation decided to close down a plant or two, or to knock a day off the work week because of dwindling orders, its stock was jazzled up anywhere from 1 to 10 points, yet today when a corporation announces receipt of a large order or when a dividend is declared, its stock sinks into a little deeper rut.

Stocks yields today of 8, 9 and 10% and bond yields of 2 and 2½% are commonplace, yet in 1929 the reverse was true. Volume of dealings today averages a paltry 500,000 shares to 800,000 shares compared with 5,000,000 to 8,000,000 shares in 1929—remember the 16,000,000 share day in October 1929? Brokers loans in 1929 reached a high of about $8,500 millions and the total market value of all listed stocks was about $89,670 millions, a ratio of loans to market value of about 9.5%. Today brokers loans stand at around $444 millions and the market value of all listed stocks at around $39,060 millions, a ratio of about 1.1%.

If the foregoing doesn't mean anything, ask any representative group of persons of moderate means today to jot down on a piece of paper (1) how much their debit balances were in 1929 and how much bank balances were at that time and (2) what their debits are today and their bank balances. We dare say that if there were debits of $100,000 and bank balances of $10,000 then, today there would be bank balances of $100,000 and debits of $10,000. Is it possible to obtain any greater degree of contrast?

Periods of accumulation in the stock market are even more tedious affairs than are the periods of distribution, but both wear down even the most stouthearted. The thing to remember is that nothing counts in the end except the final results.

Nothing could perhaps be more illuminating to the average investor than to observe the present collective temper of the British.

The British investor has already passed that intermediate state where souls are made fit for paradise by expiatory suffering and upon emerging from this state there is one thing quite clear—and that is that he started clearing out of cash and moving into equities and has been doing so ever since. As a result, the London index of industrial stocks presently stands around 104.7 some 5 points above its previous war high, contrasted with the Dow Jones industrial index of around 115, or roughly 40 points under its previous war high.

We dare say that when the American investor emerges from the present state of "financial hell,"—as he must some day—his psychological behavior will be similar to that of the British—the only difference might be that he may act with much less restraint and with much more gusto, in keeping with the true characteristic American temperament— *G. Y. Billard, J. R. Williston & Co.*

Cinti Traders To Hold Xmas Party & Election

CINCINNATI, OHIO—On Friday, Dec. 12, the Cincinnati Stock and Bond Club, Inc., will hold their annual Christmas party and election of Trustees. In the past, this has been the outstanding event of the season; the Entertainment Committee has made special efforts this year and believes that the affair on Dec. 12 will be better than any previous party. A large out-of-town attendance is expected.

Dinner will be served at 7:00 p.m. and will be followed by an elaborate floor show. Other entertainment features have been arranged to conclude the evening. Subscription fees are $5.00 for members and $7.50 for non-members. Reservations may be made with Harry O'Brien, Chairman; Katz & O'Brien, Carew Tower; George Eustis, Geo. Eustis & Company, 18 E. Fourth Street, or Max Kaplan, A. & J. Frank Company, 1027 Union Trust Building.

The Nominating Committee has placed the following in nomination: Chas. A. Hinsch, Chas. A. Hinsch & Co., Inc.; Paul W. Glenn, Edward Brockhaus & Co.; Fred Korros, Westheimer & Co.; George H. Phillips, W. L. Lyons & Co.; Herman B. Cohle, H. B. Cohle & Co.; F. J. Lynch, P. E. Kline, Inc.; Robert W. Thornburgh, The W. C. Thornburgh Co.; Chas. H. Snyder, J. E. Bennett & Co., Inc.; George Eustis, George Eustis & Co.; John E. Joseph, John E. Joseph & Co.; George H. Kountz, Einhorn & Co.; Max Kaplan, A. & J. Frank Co.; James E. Madigan, W. E. Fox & Co., Inc.; Edward F. O'Connor, Pohl & Company, Inc., and Arthur V. Katz, Katz & O'Brien.

Of these candidates, 10 Trustees will be elected on the night of the party. The officers for the ensuing year will be selected from the newly elected list of Trustees.

Memberships Seat Sales

Arrangements were made on Nov. 27 for the transfer of a New York Stock Exchange membership at $22,000, unchanged from the previous transaction on Nov. 19. This sale represents the seventh transaction during the month of November, $20,000 being the lowest and $23,000 the highest sale price.

On Nov. 26, a seat on the Chicago Board of Trade sold for $275, on Nov. 28 a transaction took place at $200, and on Dec. 2, another seat was sold for $175. These prices are the lowest in more than 60 years. In 1929, when trade was flourishing on the big grain market, seats sold as high as $62,000.

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)
BOSTON, MASS. — **Frank D. Cyr** has become connected with **Weston W. Adams & Company,** 20 Kilby Street. In the past Mr. Cyr was with J. A. C. Norris & Co.

(Special to The Financial Chronicle)
BOSTON, MASS. — **Benjamin W. Currier** has become associated with **John G. Cronin,** 75 Federal Street. Mr. Currier was formerly with Walter S. Place & Co., and prior thereto was proprietor of Wincott & Co., and was Sales Manager for Mills & Co. In the past he was in business as B. W. Currier & Co.

(Special to The Financial Chronicle)
BOSTON, MASS.—**John A. McKinnon** has been added to the staff of **Trust Funds, Inc.,** 89 Broad Street.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **Harry A. Gottlieb** has become affiliated with **Winter & Hirsch, Inc.** Mr. Gottlieb was formerly with Standard Bond & Share Co. and Commonwealth Stock & Bond Co.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Edward Mizel** has joined the staff of **Arthur H. Wyatt,** whose main office is located in the Guaranty Building, Indianapolis, Ind. In the past, Mr. Mizel was with Anderson, Plotz & Co. and W. J. Brons & Co., Inc.

(Special to The Financial Chronicle)
CINCINNATI, OHIO—**Randolph F. Matthews,** formerly with Westheimer & Co., has become associated with **Merrill Lynch, Pierce, Fenner & Beane,** Union Trust Company Building.

(Special to The Financial Chronicle)
CLEVELAND, OHIO — **George Dana Cameron** is now with **Paine, Webber & Co.,** Terminal Tower Building. Mr. Cameron was formerly with Otis & Co. in Columbus, and prior thereto was with the local office of Jackson & Curtis. In the past he was connected with the Ohio Division of Securities.

(Special to The Financial Chronicle)
GRAND RAPIDS, MICH. — **Perry H. Everett** has been added to the staff of **Bradbury-Ames Co.,** Grand Rapids National Bank Building.

(Special to The Financial Chronicle)
HARTFORD, CONN.—**Coleman R. Flynn** has become associated with **Coburn & Middlebrook,** 66 Pearl Street. Mr. Flynn was previously with Craigmyle, Rogers & Co. of New York, and prior thereto with R. H. Johnson & Co.

(Special to The Financial Chronicle)
INDIANAPOLIS, IND.—**Orville B. Newcomb** and **Lewis C. Ruth** have been added to the staff of **Arthur H. Wyatt,** Guaranty Building.

(Special to The Financial Chronicle)
LONG BEACH, CALIF.—**Ruth E. Tay** has joined the staff of **Protected Investors of America,** whose main office is located in the Russ Building, San Francisco. Miss Tay was formerly Assistant Secretary of the Morrison Bond Co., Ltd.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Fred L. Meyer** and **Silas H. Wheeler** have become connected with **Fairman & Co.,** 650 South Spring Street. Mr. Meyer was formerly Manager of the Trading and Statistical Departments for William H. Mann & Co., and Mr. Wheeler was with Adams-Chadwick Co.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF. — **Joseph Sattler** is now affiliated with **Pledger & Co., Inc.,** 650 South Spring Street. Mr. Sattler was formerly with Morton Seidel & Co.

(Special to The Financial Chronicle)
NEW HAVEN, CONN.—**Kingsley M. Whitcomb,** formerly with Satterfield & Lohrke of New York, and the R. F. Griggs Company, and **Kennedy B. Bailey,** previously with W. E. Burnett & Co. of New York, have become associated with **Fahnestock & Co.,** 205 Church Street.

(Special to The Financial Chronicle)
SANTA BARBARA, CALIF.—**Claude Kavanaugh** has become connected with **J. Russell Cottam,** 488 Lilac Drive.

(Special to The Financial Chronicle)
SPRINGFIELD, MASS.—**George H. Mead,** formerly Manager of the Trading Department for Seybolt & Seybolt, Inc., has become associated with **F. L. Putnam & Co., Inc.,** 1387 Main Street.

(Special to The Financial Chronicle)
TULSA, OKLA.—**C. R. Briggs** has joined the sales staff of **Edwin B. Patterson & Co.,** Kennedy Building.

(Special to The Financial Chronicle)
WAUSAU, WIS.—**John E. Garland** is now connected with **Holley, Dayton & Gernon,** 120 South La Salle Street, Chicago, Ill. Mr. Garland was formerly Local Manager for Loewi & Co. and Grieb & Erickson, Inc.

(Special to The Financial Chronicle)
WINFIELD, KANS. — **H. C. Young** has become affiliated with **Thomas Investment Co.,** First National Bank Building.

Monthly Utility Guide

T. L. MacDonald & Co., 29 Broadway, New York City, issue monthly a statistical guide of 126 dividend-paying public utility preferred stocks with income yield to average over 6% and containing a current suggestion of an issue which they consider has early appreciation possibilities, greatly enhanced security value and increased dividend protection. This guide should prove particularly interesting in view of the fact that investors, according to T. L. MacDonald & Co., are more than ever interested in preferred stocks of operating public utilities, rather than common stocks, because increased taxes will not disturb the dividends on the preferred stocks. Copies of the guide may be had from the firm upon request.

Parsons & Co. In Buffalo

BUFFALO, N. Y. — Bertram Parsons announces the formation of Parsons & Company, Liberty Bank Building, to continue the general investment business formerly conducted by Kranz and Parsons, which was dissolved as of Nov. 29th. Mr. Parsons will be proprietor of Parsons & Company.

Tainter To Be Pell Partner

Davies Tainter has been proposed as alternate on the floor of the New York Stock Exchange for Harold R. Sweet, partner in Pell & Co., 14 Wall Street, New York City, and will become a partner in the firm as of today.

To Be Jacobson Partner

Fred W. Hilfiker will acquire the New York Stock Exchange membership of John P. Cronin, a partner in Benjamin Jacobson & Co., 61 Broadway, New York City, and will become a member of the firm on Dec. 11th.

N. J. Bond Club Annual Xmas Party For Dec. 20

The Bond Club of New Jersey will hold its annual Christmas party on Saturday, Dec. 20, at the Down Town Club in Newark, N. J. Members and their guests will be served a buffet lunch from noon until 3 p.m., which will be followed by the traditional disbursement of Bond Club Christmas Syndicate dividends—turkeys, game birds, beverages, etc.

UP-TOWN AFTER 3

Rainbow Room (Rockefeller Center) has a new show featuring **Russell Swann,** that ex-customer's man who found out that pulling rabbits out of hats, and cobras out of baskets gets him more cash customers than pulling stocks out of manuals. Swann isn't an ordinary magician. He doesn't seem to take his work too earnestly or his audience too seriously. For even while he flabbergasts his audience he seems to be standing aloof and kidding the whole thing. More likely than not he may suddenly shoot off a pistol and yell, "No sleeping in this act!" And if you don't think the **Rainbow Room** crowds eat it up drop in and see for yourself. Top billing goes to **Ruth Page and Bentley Stone,** a pair of graceful and accomplished dancers. One of their numbers consists of a satirical version of a dancing couple intent on impressing their audience with their individual ability. The looks of impatience, scorn, derision and disgust they cast at each other while going through various steps is one of those bubbly things that have to be seen to be appreciated. Another featured performer is **Betya Milskaya** who sings with a charming foreign accent. Dance music is provided by **Matty Malneck** while the rhumba rhythms are beaten out by the **Valero Sisters** and their band. Dinner at the **Rainbow Room** starts at $2.50; cocktails from 50c. There is a cover charge of $1 on week days and $2 on Saturday nights. Dinner guests are charged $1 cover on Saturday nights if they stay after 10 p.m. . . . **La Conga's (51st, E. of B'way)** new show is headed by the facile faced **Emile Boreo,** a comedian with a fine singing voice and a strong sense of caricature who knows how to make his audiences yell for more. Others on the program are **Carlos & Carita,** a diminutive pair of fast Latin dancers; **Toni Lane,** a swing singer; **Gil Johnson,** a tap dancer who is featured in the Broadway musical, "Best Foot Forward," and a line of beautiful girls who are really something to look at. Dance music is provided by **Jack Harris** and **Noro Morales.** After ten a minimum of $2 (food or drink). On Saturday and holiday eves it's $2.50.

DOING THE TOWN (OR A HUNTING WE GO)

Being the scientific explorer that I insist I am, though others jealously refer to it as something else, I am always in search of places with atmosphere. So when Mr. Sherwood, publicist of the **Penthouse Club (30 Central Park South)** insisted that the place had all the ingredients I was looking for I decided to drop in and report my findings to a no doubt waiting and breathless public. The first person I met was **Mr. Stone,** who before he became the owner of the **Penthouse** was at one time the **President of the Erie Railroad.** He introduced me to **Domenique,** the head waiter, as handsome a guy as I have seen in a long time. He in turn steered me to **George,** custodian of the bar. George and I became fast friends at once. We both argued the ills of the world until I began to feel a little dizzy. I later attributed this to the soda in that sixth (or was it seventh) Scotch. Didn't agree with me. But being mindful of my duties as your reporter I disregarded these symptoms and set off to see what was what. The **Penthouse** is a longish room with a bar on one side and a huge woodburning fireplace on the other. Up a few steps there is a small glass enclosed balcony which overlooks the lights of Central Park. The tables on this balcony get their light from candles. The whole thing seems conducive to the beginning of what may be the start of a beautiful friendship. Having seen that, I now headed for **Paul Taubman,** the man with the small mustache who makes with the music—piano and Solovox. We discussed the weather with great thoroughness and then he asked me to make a record. By this time I would have made anything. So Paul opened a complicated machine, the kind you talk, sing or play into and in a few moments it talks, sings or plays right back at you. Uncanny. Scared hell out of me. To put me at my ease Paul said "Hello." Not being fazed I said hello right back. Then we sang. At this point others in the Penthouse came over. So we all sang. There was one voice that smelled. The others kept looking at me but I knew it wasn't mine. I was in perfect voice. Later I discovered my assistants in this musicale were a gorgeous black haired Latin girl called **Mele Sidera** (if that isn't the right spelling, sue me!), the aforesaid **Mr. Sherwood and Rasha** and **Mirko,** a pair of Serbians from Belgrade who accompanied themselves on guitars. Their voices were so good that in admiration I hushed mine and wandered off to seek Romance. Over in one corner was Mr. Sherwood (how he got there I don't know) at a table in earnest conversation with a young lady who looked familiar. So we wandered over to see. Of course! It was **Miss Ora Hope,** a little playmate who once accompanied us on a previous expedition. He explained that he was merely reading her palm. But I wasn't fooled. I used the same tactics. So I staggered away back to **Paul Taubman** who had the records ready to play back. He did and I listened, lost in admiration at the dulcet manly tenor that Paul assured me was mine. Incidentally, Taubman will let anybody make a record and let the owner take it home with the compliments of **Mr. Stone's Penthouse Club.** It's something to play back at home and gives much more satisfaction than a hangover. . . . Hey, where's that Bromo Seltzer!

RAILROAD SECURITIES

Typifying the low investment regard into which even the better rail liens have fallen, Western Maryland bonds have recently been under consistent pressure around their lows for the year, without regard for the unbroken record of profitable operations, strong finances and the improvement that has taken place in the road's basic traffic status during the past 10 years. In contrast, just a year ago these bonds were favorites in the investment field, having just recently reached the estate of legality in New York for the first time in the company's history. It is hardly likely that the present indiscriminate pessimism towards rails as investments will be a permanent phenomenon, and when the turn comes Western Maryland liens (the 4s, 1952, below 90 and the 5½s, 1977, slightly above par) should again catch the eye of investors seeking a combination of safety and attractive yields.

One of the most favorable aspects of the Western Maryland picture has been the management's conservative financial policies. The company has not reported a deficit for any full year since its incorporation in 1917, but, nevertheless, never paid a dividend on any class of stock until 1936. A dividend of $7 a share was paid on the first preferred in that year and in 1937, followed by a lapse of two years and then similar disbursements for 1940 and 1941. Out of aggregate net earnings for the period of more than $33,300,000 (1941 estimated) less than $5,000,000 has been passed along to stockholders. The balance has been ploughed back into the properties. Thus, the company has avoided one of the major pitfalls of the industry, erection of a top-heavy debt structure to finance property improvements and expansions. The relative importance of some $28,000,000 of earnings going into the properties is apparent when one considers that direct debt (exclusive of equipment obligations) amounts to only $58,566,000.

Aside from the financial side of the picture, investment status of the bonds is bolstered by the relative invulnerability of traffic to adverse trends of the industry. The road has done far better than Class I carriers as a whole or Central Eastern roads taken as a group. Revenues last year were 93% of those of the 1923-1925 period taken as a base, compared with 70% for both the entire industry and the Central Eastern Region. For one thing, a large proportion of freight traffic is not subject to highway diversion. Bituminous coal is the most important single item and, with iron and steel, accounts for about half of all freight revenues. Lack of competitive difficulties, and gradual growth of industrial freight in relation to low tariff mine products, have also made the road invulnerable to paring of the rate structure. Average revenue per ton mile last year was higher than 10 years earlier contrasted with a decline of more than 10% for the industry.

Important new traffic sources have been opened up as an offset to losses that have been sustained. Acquisition of Greenbrier, Cheat & Elk Railroad in 1938 was of major importance as these lines serve the fast-growing Bergoo coal field of Webster County, West Virginia. Coal originations of the "Greenbrier" increased from 115,004 tons in 1929 to 1,387,829 tons last year, accounting for 36% of total system coal tonnage in the latter year. In 1929, only 3% of system coal came from these lines. The territory has apparently not yet reached maturity. Lower coupon financing by "Greenbrier" in July 1941 will add to the profits from the line.

The company's position with respect to the steel industry has also been improved, and this is a factor in the average ton-mile revenue. In two of the past four years (1937 and 1940) revenues from iron and steel products have been appreciably higher than in 1929. In part, this record may be attributed to expansion of Bethlehem Steel's facilities at Sparrows Point, Maryland, but more importantly to construction about ten years ago of the Connellsville Extension of Pittsburgh & West Virginia. This opened up a new through route for fast freight from middle western industrial centers to tidewater at Baltimore. Western Maryland is an integral part of this new route. Over the past 10 years Western Maryland has averaged fixed charges covered 1.41 times with a low of 1.14 times in 1938 and a high of 1.64 times in 1937 and last year. Charges should be covered twice this year.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—34 5/6, low—14¾, last—33.

Bank and Insurance Stocks

This Week — Bank Stocks

The first two weeks of December should prove of crucial interest to bank stock investors: (1) On Dec. 2, Bank of the Manhattan Co. holds its annual meeting, forerunner and "keynoter" of bank annual reports; (2) Fourth quarter dividend meetings will be held during this period.

The Manhattan annual report will be indicative of a leading institution's reaction to higher operating costs and the question of continuing present dividend scale in view of these higher costs and the problem of leverage. Fourth quarter dividend meetings are being anxiously awaited in certain "borderline" cases.

That there should be anxiety over dividends seems paradoxical. Operating earnings should continue to improve moderately, because while costs have gone up, the bulk of costs are controllable and do not automatically keep pace with improved gross; and gross should continue its moderate uptrend because of the even heavier volume of earning assets likely in the future under the National Defense program. Furthermore, probably better short-term money rates will add to the improvement in gross. And dividends, to begin with, are at moderate level of 87% of net profits, after provision for reserves.

Granted this, however, responsible banking quarters view with alarm the small capital funds cushion as earning assets and deposits now stand and as they will expand in the future. They point out that as the leverage ratios rise beyond the 10:1 conservative limit, increased danger to solvency arises on a given decline in asset values, especially if money rates rise and depreciate bond values.

Three means, it is pointed out, exist to strengthen capital funds: (1) Reduce dividends; (2) Raise new capital from stockholders; (3) Obtain new capital from the RFC. Bankers least of all want the last. The second is difficult. So the first, it is reasoned, should be the obvious solution.

Analysis will show that reducing dividends is no solution at all of the leverage problem. It impairs stockholder confidence, ruins definitely prospects of financing through stockholders, does not provide sufficient capital funds for mounting earning assets and deposits, and finally will force banks to do what they least desire—obtain new capital from the RFC.

(1) New York City member banks today have $12,200,000,000 in earning assets and $15,700,000,000 in deposits, compared to $1,531,000,000 capital accounts, or ratios of 8:1 and over 10:1. During the past year, earning assets have risen $2,300,000,000 and deposits, $400,000,000 (in the future, New York deposits are likely to show closer correlation to expansion in earning assets).

Dividends total $70,000,000, compared to 1940 net profits of $83,000,000.

As to the future: entirely apart from loan expansion, if the Federal deficit reaches $25,000,000,000 in 1943 and perhaps more in 1944, as is considered likely, and at least one-third is financed by borrowing, commercial banks will be called on for help in financing a huge accretion to the debt. Deposits will reflect this expansion in earning assets.

(2) Compared to this huge expansion in earning assets and deposits, a large portion of which is likely to occur at New York banks, a reduction of dividends would be an unimportant source of capital funds, and thus aggravate, not ameliorate, the leverage problem by disappointing stockholders at a time when dividends in other lines are increasing.

Suppose dividends were slashed as much as 50%; and assume a 10% gain in profits for each of the next four years. The resultant "ploughed back" earnings in four years would be $284,000,000, which would mean total capital funds of $1,800,000,000.

However, even assuming no further expansion in earning assets and deposits, earning assets would still be 7 times assumed capital funds; and deposits, about 9 times — or just about where they are today. Actually, of course, the future pace of earning asset expansion may be greater than the $2,300,000,000 of the past 12 months.

Clearly, reducing dividends is no solution of the leverage problem. That problem can only be solved by squarely meeting the necessity of raising additional bank capital. Reducing dividends will kill any hopes of raising the capital from stockholders, and force the banks to go to the RFC anyway.

How did the banks face the problem in World War I? In 1914, the volume of earning assets and deposits to start with was not abnormally swollen by deficit financing to "prime the pump." Thus, deposit leverage ratio was moderate—5:1 for 16 New York City banks. One year later, however, leverage jumped to 9:1, and the same problem existed: how to increase capital funds.

The banks could have had justification for reducing dividends, because of 1914 charge-offs which reduced indicated profits to below dividends. This could have been done despite the prospect of higher earnings, based on expected larger volume of earning assets at higher rates; and despite then easier method of raising additional funds from stockholders.

Instead, however, dividends were **increased** from $19,300,000 in 1914 to $20,400,000 in 1915 and $25,500,000 in 1916, keeping pace with increase in indicated profits from $14,300,000 in 1914 to $36,900,000 in 1915 and $46,535,000 in 1916. No new capital funds were raised in 1915 and only $17,000,000 (three instances) in 1915.

The wave of capital increases developed later, in 1919-1920. Up to that time, the problem of leverage was being left to "ploughing back" of higher earnings, and dividends were not reduced, but increased. This could be done because earnings improvement was sharp—money rates rose freely and profitable loans were a larger proportion of earning assets.

Today, earnings rise is bound to be slower and the problem of leverage is more serious. "Ploughed back" earnings, even if dividends are reduced, cannot be expected to keep leverage ratios in check. New capital must be raised for the purpose. The recent Pennsylvania Co., etc. new capital offering shows that stockholders and investors can be made interested in providing new bank capital. That interest will be impaired if dividends are reduced. The alternative is Government capital and control.

Our Reporter's Report

(Continued from First Page)

make its new bonds as long as possible, some of the boys were doing a little figuring.

Those who look for a split-offering, and that idea is not universal by any means, point to the outstanding taxable 2½s, due in 1954 but callable in 1952, which are selling to yield 1.95% to maturity and 1.87% to the call.

They figure Mr. Morgenthau might incline toward a 2% bond maturing in fifteen years but callable in twelve years as attractive to banks under prevailing conditions.

At the same time they calculate that insurance companies probably would look willingly at 2½s running for thirty-years but subject to call in twenty-five years.

Due This Week But . . .

The Treasury had projected its huge financing for the current week and Mr. Morgenthau undoubtedly has gone through the usual discussion of market conditions with his Federal Reserve and banking advisers.

But the possibility of a delay in the undertaking developed on Monday when the head of the Treasury discussed the matter. He pointed out originally that only something unforeseen would defer the business.

In the meantime, however, the Washington-Tokio negotiations quite evidently have not been all that was expected and the hitch in that direction may temporarily hold up the offering.

Broadening Its Scope

News of Morgan Stanley & Co. Inc. intention of changing its setup from the present corporate form to a partnership before the end of the year, proved the topic of much conjecture in the trade as was natural.

The move was accepted as indicating a decision on the part of the firm to broaden out and assume a more aggressive stand in the field. In recent months it had been rather quiescent, notably since the effectiveness of the Securities and Exchange Commission's "competitive bidding" rule for utility securities.

The new partnership setup, it is argued, is doubtless intended to cut away anything in the nature of ties to the commercial banking house. At the same time the new firm will be able, if it so desires, to apply for membership in the New York Stock Exchange. That it plans more aggressive participation in the new issue field and likewise in secondary operations seems clear from its determination to build up a broad retailing organization.

Quiet Week in Offerings

With the majority of investment bankers in attendance at the IBA convention at Hollywood, Florida, it has been a decidedly quiet week in new offerings.

Aside from New York State's offering of $15,000,000 grade-crossing bonds, for which it obtained a price of 101.1099 as 1½s, the market was virtually stagnant.

Even at the Florida gathering, the meeting at mid-week had not yet gotten around to matters of actual trade interest. Presumably as an outgrowth of recent remarks of certain government officials anent "directing the flow of capital," the speakers of the first few days were concerned chiefly with apprising their listeners and the public of the threat of further encroachment of government in the field of private endeavor.

Such things as competitive bidding, and the several proposed amendments to the Securities Acts, now before Congress, were not broadly discussed in the first few sessions.

WHISPERINGS

Everybody in Wall Street knows somebody who made a pile of dough out of someone else's error. There is that yarn about the man who, impressed by the aspirin sales during the flu epidemic, bought what he thought was Bayer's Aspirin. It turned out to be A. M. Byer's Pipe, but he made money. There are plenty of these stories but they can seldom be confirmed. So when we ran across one in which we actually saw the records, yellowed by the years, and the man responsible for the whole thing, we thought you might like to know about it. All this happened years ago: "One day a young man called to see me," explained the senior partner. "I was then a callow customer's man and there wasn't a thing I didn't know. It developed that the young man was the son of an old client of the firm who had died and left him some cash and securities. The young man explained that he wanted to sell some of his securities and buy Chalmers instead. I pointed out how impractical such a buy was but he was insistent. So I bought the stock, amounting to some $20,000 and in due time sent the certificates to him. Subsequently, I became a partner and forgot all about the young man. In those days everything was on margin and he was a cash customer and we just didn't have the time for cash transactions. About June of 1929 the young man called on me again. This time he wanted to sell the Chalmers. I had it looked up and when our statistician came in with a report I was dumfounded. The stock for which we paid $20,000 was now, with rights, dividends, splits and market increase, worth over $95,000. I sold the stock, gave the young man his check and asked him what made him buy the stock in the first place. He explained that he didn't know anything about the company but he remembered how fond his father was of the Chalmers car and decided that some day he would buy the company's stock if for no other than sentimental reasons. I never told him," the senior partner went on "that Chalmers Auto was out of business and that I had bough Allis Chalmers instead."

American Car & Foundry will shortly come out with its six months (ending Oct. 31) earnings. Will show about **$6.50** on the common. . . . Army pay will shortly be increased to $42 a month instead of the $21. . . . **Chicago Pneumatic Tool** is supposed to show something like $5.50 for the full year. . . . Company is now producing a new kind of air brake used by airplanes on landings. Source of this "information" claims it was originated by the British and turned over to our War Department for development. War Department gave it to Chicago Pneumatic Tool and factory in Newark is now supposed to be turning them out.

From the news files. . . . Fort Bliss Army officers were set back on their polished heels when they received the following telegram from a selectee: **"Kindly request extension of my AWOL."** . . . A soldier "captured" a squad of tanks on manouveres when he yelled, "We turn off here to eat!" They turned and the opposing forces surrounded them.

The uptown branch of a member house had a sudden influx of "customers" huddled around the stock ticker. The managing partner seeing the crowd, went over to see what it was all about. Seemed that ticker had been out of order when suddenly it began chattering again, but instead of printing staid prices of, say X it was giving the results of the third race at Bowie.

"Last month," confessed a radio executive to **Jules (Luckhurst & Co.) Bean,** "I told my wife that if she forced me to get another studio job for one of her relatives I'd scream!" Jules asked "how did you make out?" The radio biggie took a deep breath and answered, "You are now talking to the champion yodeler of NBC."

Earl Rodney, partner in M. L. P. F. & B., was late in getting to an appointment and urged his cab driver on with, "You can go faster than this, can't you?" The cabbie answered, "Sure I can pal —but I've got to sit here and drive this jallopy!"

JOTTINGS

(Continued from Page 1315)

stance, all British unions are registered and legally responsible; British law forbids sympathy strikes, strikes "against the government," mass picketing, violence, or mass intimidation, and union political contributions. Contrariwise in this country the Norris-La Guardia Act, Burns Act, Wagner Act, Apex and Hutcheson decisions have stripped the last responsibilities from the unions.

Maybe the insurance companies are announcing their premium increases in order of their size (Met., Prud.). There's still grief to appear on the books, however, because these increases (cuts in "anticipated investment return") only apply to new policies, not to the old. Also there's a lot of grief to be realized in the late '40's from those annuities, particularly the single-premium ones. The annuity-holders refuse to die as the mortality tables say they should. Reversing the procedure on buying life insurance, they had asked their examining doctors to find everything possible wrong with them—and the life companies, unlike the fire companies, are not very familitr with "the moral risk." The companies (it is charged) have been under too much pressure from their sales forces to cut quick and hard their annuity sales, and so they'll have to pay the price.

Pressure grows for some kind of Treasury arrangement to borrow from the life companies. They have perhaps $1½ billion net a year to invest. By the time the New York State law is changed to let them buy common stocks, and they actually get around to it, it looks as though the defense program will have swamped the common stock suggestion and they'll be buying nothing but governments.

Especially if the between-the - lines implications of Ganson Purcell's speech come true—the end of non-defense financing "for the duration." That's the worst threat the investment bankers have to face of them all.

Incidentally, here's the explanation of the paradox of the official "equity theory."

The official "equity theory" is that corporations should retire their bonds and replace with stock, so that they'll be more stable in the post-war depression. The paradox is that this runs counter to Section 102 of the Revenue Act and to the general Washington pressure for them to pay out their earnings in dividends; it also runs counter to the heavy advantage given by present revenue laws to the companies

largely capitalized with bonds.

Explanation is that bankruptcy is still politically unfashionable, in that the Washington folk don't want to be blamed now or ever for driving businesses into Chapter X bankruptcy, particularly by heavy taxation. But if they can force business to recapitalize with common stock then they can stick it with heavier taxes and still not drive it into the courts.

The price control bill now goes to the Senate. Kicked around, it will be largely re-written by Henderson. Then back to the House. With luck, something of it might become law by February, more likely March.

By that time, look for rationing to supersede it as the bone of contention. And your Jotter means ration cards for consumers. See Peter Drucker's lead story in the current Harper's. (And watch this Drucker's stuff—wordy but in advance of the rest). With passenger auto production sliding toward nothing and demand due to rise (after the present temporary slump) do you think the Administration is going to let the dealer say who gets and who doesn't get a car? When this rationing business starts watch for it to move fast. For when the word gets around, like the inflation talk of last summer, the entire public will set out to beat it just as it set out last August to beat inflation (see the retail figures of that month). And that means that Congress will have to act fast.

Your jotter was wrong in thinking the Cubans might settle for 2¼ cents for their 1942 crop. More likely the figure will be over 3 cents (which would mean a gross for the island of over $200,000,000 against a recent-years' average of $125,000,000). The tip-off is the announcement that there will be no cargo space for sugar from the Philippines. That means, at current consumption rates, a real sugar shortage and a price of 7 cents to the housewife. Beet production will be no help; sugar beets are a depression industry, but no help in time of war, when labor gets scarce and beet farmers go into more favored crops.

N. Y. S. E. Borrowings

The New York Stock Exchange announced on Dec. 2 that the total of money borrowed as reported by Stock Exchange member firms as of the close of business Nov. 29 aggregated $435,717,673, a decrease of $8,445,137 as compared with the Oct. 31 total of $444,162,810. The following is the Stock Exchange's announcement:

The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges reported by New New York Stock Exchange member firms as of the close of business Nov. 29, 1941, aggregated $435,717,673.

The total of money borrowed, compiled on the same basis, as of the close of business Oct. 31, 1941, was $444,162,810.

Investment Trusts

Incontestable evidence of the emergence of the investment trust from the doghouse appeared last week—a study recommending investment trusts (and making particular mention of Blue Ridge Corp.) published by a member firm of the New York Stock Exchange. Investment trusts just haven't been fashionable in recent years. True, over-the-counter investment dealers, and in some cases out-of-town branches of New York Stock Exchange houses have been pushing open - end investment companies since the spread of this type of investment company in the bottom of the depression. But until recently the Big Board members have shunned the trusts.

However in the past two years at least two Stock Exchange firms have undertaken the general distribution of an open-end trust's securities, and several have approved certain trusts for the salesmen to offer to customers.

The study that has just been released by Arthur Wiesenberger & Co. is an exhaustive report on the old-style leverage investment companies — the very companies that were in a large degree responsible for incurring the ill-will of the public. But, as is stated in a postscript, "Their unfavorable reputation is inconsistent with their performance in recent years, and legislation has corrected past abuses." Twenty-nine of the large closed-end leverage companies are discussed and statistics prepared with the aid of Arthur A. Winston, an impartial specialist generally recognized in the field, make the study a useful reference.

* * *

Investment Company Briefs

"Because earnings and dividends are relatively high while stock prices are relatively low, investment income is in effect on the bargain counter.

"On $5,000 worth of MIT at present market levels, $269.50 in dividends from investment income has been paid during the past four quarters.

"On $5,000 worth of MIT at the 1937 high, but $166.65 in dividends from investment income was paid during the four quarters of that year.

"*Thus it is indicated that the same number of dollars at present prices buys nearly 62% more income than at the 1937 high.*

"In the case of most things people buy—clothes, food houses, autos, etc.—bargain prices are one of the most compelling inducements to buy. But it's an odd commentary on investment psychology that 'bargain prices' for investments, far from being an inducement to buy, generally reflect a mass tendency to sell. Thus, to cite an outstanding example from recent history, the high prices of 1929 attracted millions of buyers, while the bargain prices of 1932 were ignored.

"With prices at record low levels in relation to earnings and dividend payments, investors now have an opportunity to buy income on one of the most favorable bases in modern history." . . . Massachusetts Distributors' *Brevits*

* * *

Bank Group Shares of International Securities, Ltd. provides an ownership in the stocks of leading New York City banks and trust companies and its purpose is to furnish a service to investors in these. According to a recent bulletin from Hare's Ltd. the average market price of these stocks at their 1937 highs was approximately 114% more than at present. To put it another way, the stocks of these banks are presently selling for less than one-half of their prices early in 1937, yet, by the yardstick of important investment factors, they are obviously more desirable today than they were early in 1937.

* * *

Uncle Sam and John Bull have pledged a new world economic order in President Roosevelt's and Prime Minister Churchill's mid-Atlantic declaration of peace terms according to Lord, Abbett's *Background.*

"In this new order, the readier flow of commerce between nations would be encouraged, not, as in the recent past, sabotaged; tariff preferentials, foreign exchange differentials and arbitrary discriminations between nations would be eliminated. A fairer deal would be given all around; to the North American, to the Latin American, to the Asiatic, to the Britisher whether an Englishman or an Australian, to the African colonist and to the continental European, whether he is a German trader or the national of a country at present under German military domination."

* * *

A revised prospectus of New York Stocks, Inc. is now available. The new prospectus contains statistics for the year ended May 31,

(Continued on page 1322)

1941 Cotton Loans

The Department of Agriculture reported on Nov. 27 that Commodity Credit Corporation had made 535,938 loans on 1,000,223 bales of 1941 crop cotton through Nov. 22, 1941. Of the total, 61,127 loans on 198,973 bales were made by cooperative associations. At the same time last year loans had been made on approximately 2,000,000 bales.

Municipal News & Notes

The municipal securities committee of the Investment Bankers Association recognized in its report, submitted to the convention last Sunday, the straitening effect of the current defense program on the future volume of State and municipal borrowing, stating:

"During the present crisis there will, we believe, be practically no new construction work started other than that necessary for national defense or clearly essential for the health and safety of the civilian population."

The committee also leveled a vigorous attack on the attempt of the Federal government to levy income taxes upon all State and local securities, warning that such action would be a direct usurpation of rights.

"The power sought, unless granted by the States in the form of a constitutional amendment clearly defining the authority and with protective limitations," the report said, "opens a path to Federal control and domination of the States and their governmental units.

"With thoughts focused upon additional revenue for the central government, in this instance at the expense of the States and their governmental units, it would be seriously unfortunate to lay, by the method employed, the ground work for an avenue through which our constitutional foundation for municipal home rule may, in progressive steps, be circumvented and destroyed."

Four Recommendations For Effective Housing Result From Nation-Wide Survey

Four recommendations for increasing the effectiveness of housing programs were made last week in a report, by the National Association of Housing Officials, on a nation-wide study of activities and proposals for housing in neighborhood rehabilitation.

According to the report, future successful housing and reclamation of slum areas will depend upon ability to develop: (1) Broad plans for land use, so that whole areas and not merely isolated projects may be planned; (2) an attack on forces drawing away from cities higher-income families, as well as industries necessary to the economic well-being of the city; (3) means of providing housing for all income classes; and (4) ways of enlisting direct private participation in those parts of the rebuilding process that can return a legitimate and attractive profit.

Although proof that attractive profits can be made would provide the greatest impetus for widespread large-scale housing operations by private enterprise in deteriorated areas, cases cited in the report indicate that no profits can be derived from unsubsidized housing for low-income families.

Neighborhood rehabilitation legislation enacted this year in Illinois, Michigan and New York, however, "holds promise of greater inducements to private activity than have heretobefore been available," the report said. "It is perfectly clear, though, that there must be not only a more realistic attitude of government towards such private profit-seeking operations, but private capital must redefine in less extravagant terms a 'reasonable profit' in real estate development."

Among problems facing the housing officials, according to the report, are decentralization and decline of population, blighted areas, daily traffic congestion and municipal bankruptcy. Survival of the city as an economic entity, and possibly as a poltical entity, will depend largely upon its ability to attract and hold a population that is rapidly reaching a stable point. While neighborhood rehabilitation, building repair and remodeling are necessary to supply one part of the low-cost or low-rent market, they are equally important as a means of creating an environment that can complete successful with the "lures of suburbia," the report said.

Local Governments Increase Investments In Defense Bonds

The practice of investing public funds in Federal defense savings bonds is growing rapidly among local governments, the Municipal Finance Officers Association of the United States and Canada reports.

Spreading also is use of voluntary allotment plans by city employes, who authorize the setting aside by city officials of a portion of their pay toward purchase of defense bonds. In some cities, the official makes the actual purchase when allotments total the price of a bond.

Three cities, two counties and a state are among governmental units investing their own funds in these bonds within the last month. Fresno, Calif., has purchased $25,000 worth of bonds for its city employes' retirement fund. West Hartford, Conn., recently bought $50,000 worth for its sinking fund. This amount is the limit now set by Federal authorities for municipal investments in defense bonds.

The city council of Haverhill, Mass., voted to purchase bonds with $48,275 of municipal hospital funds. The Haverhill treasurer pointed out that if the money were invested in defense bonds it would earn 2½% interest, while if the funds were left in savings banks the earnings would amount to only 2%.

In Barnwell County, N. C., $35,000 in proceeds from sale of improvement bonds—authorized by the county board to meet courthouse renovation expenses—were taken from a local bank and invested in defense bonds. County officials had decided it was inadvisable to undertake construction at this time. Interest from the bonds will meet interest charges on the improvement bonds and leave the county a slight surplus.

N. Y. State Sells Bonds

Four banking syndicates competed Tuesday for a $15,000,000 issue of New York State grade crossing elimination bonds, the award going to the National City Bank and associates at 101.1099 for 1½% obligations. That was the rate mentioned by all four groups.

The $15,000,000 of bonds represent the twelfth sale of grade crossing long term securities since 1925, when the voters authorized the State to sell up to $300,000,000 for this purpose. It will bring the total issued up to $152,500,000. At the last election the voters approved a constitutional amendment making $60,000,000 of the original authorization available for highway and parkway construction purposes, so that the amount remaining for future grade crossing elimination is $87,500,000.

A year ago the State sold $25,000,000 of grade crossing bonds to J. P. Morgan & Co. Incorporated at 101.0335 for 1½s, which compares with the winning price of 101.1099 on this latest issue. The first grade crossing bonds, issued in 1926 under less advantageous

bond market conditions, carried a coupon rate of 4%.

The sale marked the first sizable bond offering by Comptroller Joseph V. O'Leary, who was recently appointed to fill the unexpired term of the late Comptroller, Morris S. Tremaine.

Commenting on the results, Comptroller O'Leary said: "The price received on the sale represents the best rate at which the State ever sold bonds of a similar maturity. The very close bidding indicates a continued demand for state bonds and the continued high credit rating of the State."

New Jersey Improved Fiscal Plan Urged

Major changes in the State and local educational systems, highway financing and construction, public welfare activities and municipal services were recommended last week by the Princeton Survey of New Jersey Finance.

Total expenditures for State, County, School and Municipal Governments in New Jersey are listed at $500,000,000 annually. Excluding unemployment compensation taxes, the survey reports that in 1939 property taxes accounted for almost 78% of the total tax levies. New Jersey taxpayers, the report says, "actually pay more in property taxes than do citizens of most other states." In 1938 New Jersey's property tax was $62 per capita while those of 30 states averaged $38.

Pointing out that New Jersey relies more heavily upon the property tax than any comparable state, the survey declares that if the property tax is to be reduced and remain reduced "stringent controls over local finance are inevitable." It asserts that New Jersey does not tax activities to the extent of other states and has not endeavored to replace property taxes. It raises the question whether the present allocation of taxpaying responsibilities among economic groups is to be maintained if property taxes are reduced. In this connection it stresses the increased Federal taxation of incomes, business activities and privileges not now taxed by the State.

Massachusetts Legal List Issued

Joseph Earl Perry, Commissioner of Banks, has issued a list of investments legal for Massachusetts savings banks, as of Dec. 1, 1941, which shows the additions and removals of securities as reflected by the statute, amended by Acts of 1941, Chapter 413.

An important revision in the investment regulations is that the obligations of the cities located outside of the New England States and the State of New York must be in serial form. The Banking Department points out that some of the outstanding issues of the cities listed in the official list may qualify and other issues may not, and it is the responsibility of each bank to determine prior to purchase that all obligations are not only full faith and credit obligations, but are also part of original debt issues which provide for serial payments in the manner provided by law.

Newspaper Ads Help Tax Collections

Newspaper publicity and advertising contribute importantly to the good tax collection record of Norwalk, Conn., according to the city's tax collector who informs the Municipal Finance Officers Association of the United States and Canada that he expects this year's collections to total 99% of the levy.

The reasons given for this showing are (1) plenty of publicity and advertising; (2) well thought-out periodic reports to taxpayers; (3) diligence in getting after delinquent taxpayers; (4) efficiency and courtesy. Newspaper publicity is widely used so that taxpayers are tax conscious, the Norwalk collector reports.

Delinquents are approached in various ways and partial payments are permitted and encouraged. All statutory provisions are enforced. Courteous treatment of the public is emphasized as an important good will factor in establishing the collection record.

Record Tax Yield Tops 16 Billions

Federal, State and local governments collected a record $16,600,000,000 from American taxpayers in the fiscal year 1941, the National Industrial Conference Board reports. This all-time peak, it is asserted, "was due mainly to the increased yields of existing taxes, which, in turn, reflected the rising national income and growing business activity resulting from the defense program."

"To a certain extent, however, new taxes and higher rates for old taxes contributed to the new high level," the Board added.

Collections by the 48 States rose to an estimated $4,137,000,000 with all but one State reporting an increase among the 37 for which actual date was available to the Board.

Although local taxes have risen to $4,790,000,000 in 1941, they have not yet attained the peak level of the years 1929-30-31.

On a per capita basis Federal 1941 collections amounted to $58, State taxes $31 and local taxes $36, a total per capita of $125, compared with the preceding peak of $108 reached in 1938.

1940 Highway Tax Diversion Almost 15%

Official figures of the Public Roads Administration show that during 1940, $196,579,000 of special State highway user taxes in this country were used for non-highway purposes, such as relief, education and State general funds.

This represents a diversion of highway funds to non-highway purposes of 14.9% of the total collection of $1,327,277,000 in direct taxes collected from highway users by the States in 1940.

California To Assume Paying Basis

California is going on a "pay-as-you-go" basis next year, Governor Olson informed happy taxpayers last week. Increased tax revenue from defense-generated business improvement and the elimination of a $35,000,000 a year item for State relief make the new economy possible.

Interest on money borrowed to run the State government the past eight years is said to have totaled more than $8,000,000. Relief clients who have not found jobs since their State aid ceased (although many have) are being cared for by the counties.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

Dec. 8th

$519,000 Scranton, Pa. (Sch. Dist.)
This district awarded bonds last December to a group headed by Fox, Reusch & Co. of Cincinnati. Runner-up was E. H. Rollins & Sons, Inc., and associates.

Dec. 9th

$19,450,000 USHA Local Units (notes)
These offerings are made by various housing authorities from time to time and are usually taken by a syndicate headed by the Chemical Bank & Trust Co. of New York.

Dec. 10th

$450,000 Suffolk Co., N. Y.
Though slightly under the required minimum, this offering is included here because of general interest. Joint bid by the National City Bank, and Dominick & Dominick, both of New York, was the highest of numerous offers received for the bonds awarded last December

$7,672,000 USHA Local Units
This offering is made up of bonds (series A) of separated housing authorities. Bids are generally attracted from interested houses in the affected localities.

Dec. 16th

$550,000 State of South Carolina
Halsey, Stuart & Co., Inc., headed the syndicate which took the issue offered on Oct. 14, beating out the Union Securities Corp. of New York, and associates.

$2,000,000 Washington Suburban San. Dist., Md.
District awarded bonds in May to a syndicate headed by R. S. Dickson & Co. of Charlotte. Second best tender was a joint offer entered by Smith Barney & Co., and the First Boston Corporation.

Dec. 18th

$3,940,000 Minneapolis, Minn.
Syndicate headed by Phelps, Fenn & Co. of New York, high bidder for bonds in August. Halsey, Stuart & Co., et al, and Salomon Bros. & Hutzler of New York, and associates, second best on the two separate issues.

Dec. 29th

$3,944,000 Orleans Levee District, La.
Bonds were awarded by the district last April to a syndicate headed by R. W. Pressprich & Co. of New York.

Cal. Dealers Oppose "Equalization Clause"

(Continued from First Page)

This particular amendment is the so-called "Equalization Clause," and would extend the reporting requirements with respect to trading by officers, directors and owners of 10% or more of the stock of *any company*. Such reporting is now required only of such persons trading in stocks listed on the various exchanges. The only exemption would be in trading in stocks of companies with less than 300 stockholders and less than $3,000,000 in gross assets.

We take the position that any extension of restrictive rules that will add to the already numerous burdens of our corporations will be harmful to the companies, to the investors, and to our business.

Most of all, however, you are directly concerned with the fact that any extension of these rules will immediately be used by various exchanges throughout the country, including probably the New York Curb Exchange, to endeavor to enlarge their unlisted trading facilities to include many issues not now listed.

We all know that many issues of securities of small and medium-sized corporations not now listed on any exchange enjoy a satisfactory market due to the fact that investment organizations throughout the country have an ability to redistribute continuously such securities—providing good markets and thus satisfied investors.

As we understand it, the National Association of Securities Dealers, Inc., and the Investment Bankers Association have tacitly agreed not to oppose this amendment and, therefore, it seems that you are barred from receiving any help from these quarters.

Therefore, the individuals listed below, acting as individuals only, have constituted themselves a committee to do whatever is possible in cooperating with interested dealers in the East to prevent the passage of this amendment.

We have been very fortunate in obtaining the consent of Mr. Harry B. Wyeth, of Wyeth, Hass & Co., to represent the dealers of Southern California in Washington, and he will appear before this meeting in our behalf. We have undertaken to provide funds for Mr. Wyeth's trip from a residue of moneys held in the old California Security Dealers Association, a dormant corporation of the dealers in this territory, and there will be no financial obligation on your part.

If you are in agreement with this plan, we suggest that you sign the enclosed card immediately and send it to Mr. Wyeth. It will be helpful also if you write him, giving him your reasons for feeling that the best interests of the public may be served in not increasing exchange trading in the securities of small or medium-sized corporations. Any examples that have come to your attention providing a comparison of markets on unlisted issues will, of course, be helpful.

DIRECTORS OF CALIFORNIA SECURITY DEALERS ASSOCIATION, SOUTHERN DIVISION (which is now inactive)
R. J. EICHLER
CAREY S. HILL
HARVEY RONEY
NELSON DOUGLASS
SHERMAN ASCHE

P. S.—It is *important* that you return the enclosed card immediately, as the hearings are now in progress. Wyeth may find it necessary to leave on short notice so that he may appear before the House Committee.

An excellent response is reported. Mr. Wyeth is now in the East in the interest of Southern California dealers in this matter.

Under-Industrialized Areas Get Contracts

(Continued from First Page)

two regions held more than half of all government-financed defense plant contracts.. At the beginning of October, the central regions still held the bulk of such contracts, but their share had been reduced to about three-eighths of the national total of $4 billion. The West South Central area, on the other hand, held 10.9% at the beginning of October, as against 4.3% in March; and the Mountain states had received 4.7% as compared with 1.7% in March.

The sharpest increase in defense plant contracts in the West South Central area has been in Texas, where, at the beginning of October, the total was $218,000,000, as compared with $61,000,000 in March. In the Mountain states, the sharpest increases have been in Utah and Nevada.

The Mountain area now has a larger share of new defense plant than the heavily industrialized New England region.

Alabama, Iowa, Missouri, and Texas rank among the first ten states with respect to government plant awards, although none of them ranks in the first ten with respect to the value of products manufactured in 1939.

The cumulative distribution of defense plant awards, in percentages of total government-financed plant contracts, has been as follows:

Region—	To Sept. 27, 1941	To Mar. 31, 1941
East North Central	22.0	38.9
West North Central	15.1	13.3
Middle Atlantic	16.8	13.0
South Atlantic	10.6	8.6
East South Central	8.7	7.6
Pacific	5.0	6.2
West South Central	10.9	4.3
New England	3.8	3.8
Mountain	4.7	1.7
Unnamed	2.3	2.7

Increasing Government Investment in Private Industry

At the beginning of the defense program, the bulk of government plant contracts was for ordnance. In recent months, however, there has been a sharp increase in government awards for industrial facilities that duplicate privately owned plants. Almost $400,000,000 has already been invested in facilities to produce iron and steel. Under the present schedule, government expansion in the iron and steel industry will exceed $1,000,000,000. Government investment in plants producing non-ferrous metals and their products is already more than $300,000,000.

In March, the total government investment in such miscellaneous industrial facilities comprised 13% of total defense facilities. By the beginning of October, it comprised almost a fourth.

The distribution of defense plant by type of product, in percentages of total defense plant awards since the beginning of the program, has been as follows:

Type of Product—	To Sept. 27, 1941	To Mar. 31, 1941
Arms, ammunition & explosives	43.5	45.1
Aircraft and parts	21.1	31.0
Miscellaneous industrial facilities	23.2	13.0
Shipbuilding	10.1	8.0
Tanks & machine tools	2.1	2.8

A Hedge Against Inflation

Leverage investment trust shares may provide a valuable protective hedge against an inflationary market movement, according to an explanatory study entitled "Options on Inflation," compiled by Arthur Wiesenberger, of Arthur Wiesenberger & Company, 56 Beaver Street, New York City, members of the New York Stock Exchange. Many of these shares now selling at low fractions are virtually perpetual options with great appreciation possibilities, according to the study, which states that old prejudices about investment trusts should be discarded as corrective influences have eliminated past abuses and leverage factor outweighs performance results.

Included in the brochure, which is attractively bound in a ring binder for ready reference, are details of preferred shares which the author considers offer high yields plus substantial profit opportunities, common and preferred stock comparisons, and brief but comprehensive statistical analyses of 29 investment trusts.

E. L. Kline Co. In Ipls.

(Special to The Financial Chronicle)

INDIANAPOLIS, IND.—Edgar L. Kline has formed E. L. Kline & Company with offices in the Circle Tower to engage in an investment business. Mr. Kline was previously Vice-President of William E. Shumaker & Co., Inc.

Oct. Sales On Exchanges

The SEC announced on Nov. 28 that the market value of total sales on all registered exchanges for October, 1941, amounted to $618,721,889, an increase of 0.1% over the market value of total sales for September and a decrease of 12.4% from the market value of total sales for October, 1940. Stock sales, excluding rights and warrants, had a market value of $491,832,593, a decrease of 4.0% from September. Bond sales were valued at $125,151,457, an increase of 18.6% over the September value. The market value of right and warrant sales for October totaled $1,737,839.

The volume of stock sales, excluding rights and warrants, was 22,784,198 shares, a decrease of 6.3% from September. Total principal amount of bond sales was $209,210,898, an increase of 18.2% over September.

The two New York exchanges accounted for 93.1% of the market value of total sales, 91.4% of the market value of stock sales, and 99.6% of the market value of bond sales on all registered exchanges.

The market value of total sales on all exempted securities exchanges for October 1941 amounted to $574,236, an increase of 40.2% over September.

Chase Looks Good

The situation in the common stock of Chase National Bank is particularly attractive at this time, according to an analysis just issued by Butler-Huff & Co. of California, 210 West Seventh Street, Los Angeles, Calif. Copies of this interesting circular may be obtained from Butler-Huff & Co. upon request.

DIVIDEND NOTICES

AMERICAN BANK NOTE COMPANY

Preferred Dividend No. 143
Common Dividend No. 127

A quarterly dividend of 75¢ per share (1½%) on the Preferred Stock for the quarter ending December 31, 1941, and a dividend of 10¢ per share on the Common Stock have been declared. Both dividends are payable January 2, 1942, to holders of record December 11, 1941. The stock transfer books will remain open.

J. P. TREADWELL, JR.
November 26, 1941 *Secretary*

American Locomotive Company
30 CHURCH STREET
NEW YORK, N. Y.

Preferred Dividend No. 134

A dividend on the Preferred Capital Stock of this Company of $1.75 per share on account of accumulated dividends has been declared payable December 24, 1941, to the holders of record of said stock at the close of business on December 9, 1941.

Transfer books will not be closed. Checks will be mailed by the Bankers Trust Company on December 23, 1941.

JOHN D. FINN
November 27, 1941 *Secretary*

AMERICAN POWER & LIGHT CO.
Two Rector Street, New York, N. Y.
PREFERRED STOCK DIVIDENDS

A dividend of $1.12½ per share on the Preferred Stock ($6) and a dividend of $.93¾ per share on the $5 Preferred Stock of American Power & Light Company were declared on November 26, 1941, for payment January 2, 1942, to stockholders of record at the close of business December 8, 1941. These amounts are three-fourths of the quarterly dividend rates of $1.50 per share on the Preferred Stock ($6) and $1.25 per share on the $5 Preferred Stock.

D. W. JACK, Secretary and Treasurer.

ANACONDA COPPER MINING CO.
25 Broadway
New York, N. Y. November 27, 1941.
DIVIDEND NO. 134

The Board of Directors of the Anaconda Copper Mining Company has declared a dividend of One Dollar ($1.00) per share upon its Capital Stock of the par value of $50. per share, payable December 22, 1941, to holders of such shares of record at the close of business at 3 o'clock P. M., on December 9, 1941.

JAS. DICKSON, Secretary & Treasurer.

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

New York, N. Y., November 25, 1941.

The Board of Directors has this day declared a dividend of Two Dollars and Fifty Cents ($2.50) per share, being Dividend No. 86, on the Preferred Capital Stock of this Company, payable February 2, 1942, out of undivided net profits for the year ended June 30, 1941, to holders of said Preferred Capital Stock registered on the books of the Company at close of business December 31, 1941.

Dividend checks will be mailed to holders of Preferred Capital Stock who have filed suitable orders therefor at this office.

D. C. WILSON, Assistant Treasurer.
120 Broadway, New York, N. Y.

CELANESE
CORPORATION OF AMERICA
180 MADISON AVE. • NEW YORK, N. Y.

THE Board of Directors has this day declared the following dividend:

COMMON STOCK

A dividend of 50¢ per share on all shares outstanding and of record at the close of business on December 19, 1941, payable on December 31, 1941.

The regular semi-annual dividend of $3.50 per share on the 7% Cumulative First Participating Preferred Stock will be paid on December 31, 1941 and the regular quarterly dividend for the fourth quarter of $1.75 per share on the 7% Cumulative Series Prior Preferred Stock will be paid on January 1, 1942, both to holders of outstanding stock of record at the close of business December 16, 1941, in accordance with the declarations of the Board of Directors at a meeting held on September 2, 1941.

JOHN A. LARKIN,
Vice-Pres. & Sec'y.

December 1, 1941

THE CHESAPEAKE AND OHIO RY. CO.

An extra dividend of fifty cents per share on $25 par common stock will be paid December 27, 1941, to stockholders of record at close of business December 5, 1941.

A dividend for the fourth quarter of 1941 of one dollar per share on Preference Stock, Series A, and of seventy-five cents per share on $25 par common stock will be paid January 1, 1942, to stockholders of record at close of business December 5, 1941.

Transfer books will not close.

H. F. LOHMEYER, Secretary.

Beneficial Industrial Loan Corporation

DIVIDEND NOTICE

Dividends have been declared by the Board of Directors, as follows:

PRIOR PREFERENCE STOCK
$2.50 Dividend Series of 1938
62½¢ per share
(for quarterly period ending Dec. 31, 1941)

COMMON STOCK
45¢ per share

Both dividends are payable Dec. 31, 1941 to stockholders of record at close of business Dec. 15, 1941.

E. A. BAILEY
Dec. 1, 1941 *Treasurer*

COMMERCIAL INVESTMENT TRUST CORPORATION

Convertible Preference Stock, $4.25 Series of 1935, Dividend

A quarterly dividend of $1.06¼ on the Convertible Preference Stock, $4.25 Series of 1935, of COMMERCIAL INVESTMENT TRUST CORPORATION has been declared payable January 1, 1942, to stockholders of record at the close of business December 10, 1941. The transfer books will not close. Checks will be mailed.

Common Stock, Dividend

A quarterly dividend of 75 cents per share in cash has been declared on the Common Stock of COMMERCIAL INVESTMENT TRUST CORPORATION, payable January 1, 1942, to stockholders of record at the close of business December 10, 1941. The transfer books will not close. Checks will be mailed.

JOHN I. SNYDER, *Treasurer.*
November 27, 1941.

E. I. DU PONT DE NEMOURS & COMPANY

WILMINGTON, DELAWARE: *November 17, 1941*

The Board of Directors has declared this day a dividend of $1.12½ a share on the outstanding Preferred Stock, payable January 24, 1942, to stockholders of record at the close of business on January 9, 1942; also $1.75 a share, as the "year-end" dividend for 1941, on the outstanding Common Stock, payable December 13, 1941, to stockholders of record at the close of business on November 24, 1941.

W. F. RASKOB, *Secretary*

THE ELECTRIC STORAGE BATTERY CO.

Exide BATTERIES

The Directors have declared from the Accumulated Surplus of the Company a final dividend for the year 1941 of One Dollar ($1.00) per share on the Common Stock, payable December 23, 1941, to Stockholders of record at the close of business on December 3, 1941. Checks will be mailed.

H. C. ALLAN, *Secretary and Treasurer.*
Philadelphia, November 21, 1941.

MARGAY OIL CORPORATION
DIVIDEND NO. 46

The Board of Directors of the MARGAY OIL CORPORATION has this day declared a dividend of twenty-five cents a share on the outstanding stock of the corporation of the issue of 160,000 shares provided by amendment to the certificate of incorporation of April 27, 1926, payable January 10, 1942, to stockholders of record at the close of business December 20, 1941.

J. I. TAYLOR, Treasurer.
Tulsa, Oklahoma, December 1, 1941.

Dividend Notice

The Board of Directors today declared a dividend of 60c per share on the Common Stock of this Corporation, payable December 19, 1941 to stockholders of record December 5, 1941. Checks will be mailed.

S. W. DUHIG,
Vice-Pres. and Treas.
November 25, 1941

SHELL UNION OIL CORPORATION

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company declared a final dividend on the common stock of the Company for the fiscal year ended October 31, 1941, of one dollar and forty cents ($1.40) per share, payable December 20, 1941, to stockholders of record on December 8, 1941. At the same time, the Directors declared a quarterly dividend of fifty cents (50c.) per share on the common stock payable January 15, 1942, to all holders of record at the close of business on December 20, 1941.

SANFORD B. WHITE, Secretary.

JERSEY CENTRAL POWER & LIGHT CO.
PREFERRED STOCK DIVIDENDS

The Board of Directors has declared the following regular quarterly dividends: the 67th qtly. div. of $1.75 on the 7% Preferred Stock; the 58th qtly. div. of $1.50 on the 6% Preferred Stock; and the 42nd qtly. div. of $1.37½ on the 5½% Preferred Stock. Payable on Jan. 1, 1942, to stockholders of record at the close of business, Dec. 10.

R. R. BOLLINGER, Treasurer.

St. Louis, Rocky Mountain & Pacific Co.
Raton, New Mexico, November 26, 1941.

PREFERRED STOCK DIVIDEND NO. 97.

The above Company has declared a dividend of $5.00 per share on the Preferred Stock of the Company to stockholders of record at the close of business December 8, 1941, payable December 23, 1941. Transfer books will not be closed.

COMMON STOCK DIVIDEND NO. 83.

The above Company has declared a dividend of 50 cents per share on the Common Stock of the Company to stockholders of record at the close of business December 8, 1941, payable December 23, 1941. Transfer books will not be closed.

P. L. BONNYMAN, Treasurer.

THE TEXAS COMPANY

TEXACO

157th Consecutive Dividend paid by The Texas Company and its predecessors.

A dividend of 50¢ per share or two per cent on par value, and an extra dividend of 50¢ per share or two per cent on par value, was declared October 24, 1941 on the shares of The Texas Company, payable respectively on January 2, 1942 and December 15, 1941, to stockholders of record as shown by the books of the company at the close of business on November 28, 1941. The stock transfer books will remain open.

L. H. LINDEMAN
Treasurer

UNITED STATES SMELTING REFINING AND MINING COMPANY

The Directors have declared a quarterly dividend of 1¾% (87½ cents per share) on the Preferred Capital Stock payable on January 15, 1942 to preferred stockholders of record at the close of business December 22, 1941; also a dividend of One Dollar ($1.00) per share on the Common Capital Stock payable on December 24, 1941 and a dividend of One Dollar ($1.00) per share on the Common Capital Stock payable on January 15, 1942, both payable to common stockholders of record at the close of business December 16, 1941.

GEORGE MIXTER.
December 1, 1941. *Treasurer.*

GUARANTY TRUST COMPANY OF NEW YORK
New York, December 3, 1941.

The Board of Directors has declared a quarterly dividend of Three Per Cent. on the Capital Stock of this Company for the quarter ending December 31, 1941, payable January 2, 1942, to stockholders of record December 10, 1941.

MATTHEW T. MURRAY, JR., Secretary.

Allied Chemical & Dye Corporation
61 Broadway, New York

December 3, 1941

Allied Chemical & Dye Corporation has declared a special dividend of Two Dollars ($2.00) per share on the Common Stock of the Company, payable December 27, 1941, to common stockholders of record at the close of business December 13, 1941.

W. C. KING, *Secretary*

Investment Trusts

(Continued from page 1319)

1941 and includes a summary of fundamental policies of the company as set forth in the registration statement filed with the Securities and Exchange Commission under the Investment Company Act of 1940.

* * *

Correction

In last week's column we reported that Republic Investors Fund Inc. had total expenses other than interest, and debt discount and expense, of $42,921. Actually such expenses amounted to only $18,879, and the income remaining after these expenses totaled $42,921. In addition, net profits realized from security transactions, after provisions for taxes, amounted to $18,197.

THE BOND SELECTOR

WARNER BROTHERS DEBENTURE 6s, 1948

Long Term Trend Of Debt Reduction And Increase In Earnings Improve Position Of The Bonds

The annual statement of Warner Brothers Pictures, Inc., which was released last week revealed that fixed charges were earned 3.24 times in the fiscal year ended Aug. 30, 1941, compared with coverage of 1.98 times in the 1940 fiscal year. Reflecting the best earnings since 1937, but more importantly a substantial net reduction in debt service requirements over the past six years, coverage of interest in the 1941 fiscal year is the best in the last decade. Over the past six years, too, net working capital of the company has risen to over $13,000,000 from $3,400,000 in 1936.

Total funded debt at the end of August, 1941, was $57,335,000. The bulk of this total represented various real estate mortgages maturing beyond one year, many of them serial obligations, amounting to $35,021,000. Other bond and mortgage issues maturing within one year, but in several cases subject to renewal, were $2,800,000. The 6% debentures due Sept. 1, 1948, are outstanding in the amount of $15,399,000. The opinion has often been expressed, and not without justification, that the company has been considerably over-capitalized. Bonded indebtedness, however, has been materially reduced since 1931. At the end of that fiscal year, funded and other long term debt outstanding totaled $106,681,000 and interest requirements were $6,746,000. Since that time, long term debt has been cut by 45% and interest by 53%.

The company is one of the major motion picture producing, distributing and exhibiting organizations. Pictures are distributed through a chain of film exchanges throughout the United States and Canada and in some foreign countries. Prior to the outbreak of the war, foreign business represented about one-third of gross revenues from film rentals. Warner Brothers controls some 425 theatres, some owned and some leased, revenues from which constitute a fairly important portion of revenues. Pennsylvania has a concentration of Warner Brothers theatres.

What foreign earnings are, principally in England, are naturally impossible to know, and since most of the British earnings are blocked by exchange restrictions, the ultimate recovery of such earnings through permissive conversion upon the termination of hostilities will be just so much extra for Warner's stockholders.

Gross revenues in 1941 fiscal year were $102,293,000, the best since such figures became available in 1935. Total income of $41,692,000 was 5% ahead of 1940. Total depreciation and amortization of film costs aggregated $29,971,000, leaving $10,221,000 available for interest. The following table shows pertinent income account items since 1935:

Year	Gross Revenues (000)	Total Income (000)	Amort of Film Costs (000)	Other Amort. & Deprec. (000)	Avail. for Interest (000)	Interest (000)	X-earned
1941	$102,293	$41,692	$25,454	$4,517	$10,221	$3,169	3.24
1940	100,337	39,601	27,455	4,621	7,294	3,706	1.98
1939	102,083	41,395	29,597	4,852	6,589	4,173	1.58
1938	102,206	42,663	30,279	4,836	7,725	4,351	1.78
1937	100,516	42,725	25,446	4,772	12,320	4,574	2.69
1936	90,655	35,454	21,251	5,098	8,659	4,787	1.81
1935	84,476	31,857	20,185	5,451	5,971	4,888	1.22

Included in the income statement for 1941 is a charge to reserve for contingencies of $1,494,000 applied toward writing down foreign assets. The gains achieved in 1941 are due in some measure to the defense boom, and theatre attendance has registered about a 5% increase over a year ago.

The consolidated balance sheet as of Aug. 30, 1941, shows net working capital of $13,181,000. Total current assets of $28,747,000 included cash of $7,431,000, receivables of $1,679,000 and inventories of $19,506,000. Current liabilities totaling $15,563,000 included accounts payable of $4,358,000, tax reserves of $4,074,000, serial bond instalments of $2,225,000 and notes payable of $708,000. Current ratio was 1.85 to 1.

Of total assets of $169,575,000, $5,209,000 or 3% is located in foreign countries, principally England and Canada. Of total net current assets of $13,181,000, $923,000 were located abroad.

The 6% debentures, due Sept. 1, 1948, were originally issued in 1929 as ten-year bonds to mature in 1939. By supplementary indenture dated Sept. 1, 1938, they were extended for another ten years. Those of the original issue which were unexchanged were paid off at the call price. The present bonds carry a restriction against cash dividends unless consolidated net tangible assets equal at least 1.6 times aggregate consolidated debt and subsidiary preferred. At Aug. 30, 1941, this ratio is estimated to have been 2.23. The bonds also carry a sinking fund which in 1942 will be equivalent to a sum equal to the redemption price of 4% of the total amount of bonds outstanding; this rate runs through 1944, and from then on through 1947 the amount is 5%. Up to March 1, 1944, the debentures are redeemable at 100½; thereafter at 100.

The movie industry appears to be strategically situated insofar as present conditions are concerned and is likely to suffer less from the war situation than any business. Since consumer purchasing power in this country is certainly increasing and priorities, taxes and other restrictive measures will divert funds from such restricted articles, more and more should flow into the type of entertainment this industry has to offer.

With this in mind, plus possible "windfall profits" from abroad, coupled with the management's record of debt reduction, the debenture 6s appear to be in a relatively attractive position marketwise. Selling at 96½, the bonds offer a high rate of return together with the possibility of call if any refinancing is attempted under present money market conditions.

Va. Pub. Service Attractive

The current situation in Virginia Public Service Co. is most interesting in view of the pending reorganization and recapitalization pending under the plan filed with the SEC on Nov. 7th, according to a memorandum issued by T. L. MacDonald & Co., 29 Broadway, New York City. Copies of this interesting memorandum, which describes briefly the effect of the proposed reorganization and anticipated earnings may be had upon request from T. L. MacDonald & Co.

Considers Utilities Depression-Proof

(Continued from Page 1314)

is benefited by the rate structure. Excluding complete suspension of service, any economy on the part of domestic and commercial consumers reduces the amount of energy taken at low rates, while the smaller volume used is billed at the higher rates of the initial blocks. It is conceivable, therefore, that output could be reduced as much as 25% with only a 10% decline in revenues. With economies of operation made possible by curtailment in production, the 25% loss of output would not, as is often assumed, wipe out the earnings available for the equity stock even though such earnings were only 10% of gross.

The utilities are no less favorably situated with respect to their operating costs, and fears of a squeeze between fixed rates on the one hand and prospects of rising costs on the other are largely without foundation. Only about 45% of gross utility revenues is required to cover operating costs, including maintenance. These consist primarily of wages and fuel costs which normally take about 17% and 13% of gross, respectively, while managerial and executive salaries constitute about 6% of gross, and other operating costs 5%. Depreciation, general taxes and interest of a conservatively capitalized company require about 33% of revenues, leaving 26% of gross for income taxes and dividends. Income taxes at the rate of 31% would reduce the amount available for dividends to about 18% of gross. A conservatively capitalized company whose fixed charges amount to 12% of gross, would require another 5% for preferred dividends which would leave 13% of gross available for the common stock.

The accompanying income account [Table A] of a hypothetical well-managed and conservatively capitalized utility with a gross of $95,000,000 annually indicates that common stock earnings would decline only 13% if wages, fuel and other variable costs should increase 10% without any offsetting factors. Since it is assumed that 60% of the total unit output consists of industrial power which accounts for only about 30% of gross revenues, more than half of the higher fuel cost would be compensated for by increased revenues from industrial sales. However, it is more likely that fuel costs would rise faster than wages, and the last column in the table shows what effect a 10% increase in wages and other variable costs and a 20% increase in fuel costs would have on common stock earnings. In this case the compensating rise in industrial rates would greatly cushion the effect on common stock earnings which would decline only 16% from the levels existing prior to any increase in costs.

Greater efficiency over a period of time might make it possible to absorb a portion of higher wage rates, but initially the burden would fall in full on earnings unless an offsetting increase in rates were permitted. Fortunately, however, the utilities are favored with a low wage bill (about 17% of gross compared with 47% in the case of railroads) and a moderate increase in the labor charge would not affect earnings greatly.

No allowance has been made in these calculations for a possible increase in general taxes. Such taxes are now well recognized as an important factor in costs and, should any increase be necessary because of higher costs of local government, an offsetting rate increase would undoubtedly be permitted. Nor do these estimates give any consideration to increased consumption which would be likely to accompany an inflationary rise in fuel and labor costs, or possible higher rates which could justifiably be requested during a period of rising prices.

While the owner of any business must assume the risks of changes in profit margins and gross volume, these are minimized in the case of utilities and, until recently, have been reflected in a relatively high price-earnings ratio. Ordinarily the rate structure and operating factors, which restrict the improvement as well as the impairment of earnings, would make stocks of operating utilities suitable only for income purposes and would preclude any appreciation possibilities other than those incident to the longer term growth potentialities of the industry. The recent pessimism regarding utilities has, however, over-depressed these stocks to the point where such high grade issues as Cleveland Electric Illuminating, Boston Edison and Consolidated Gas of Baltimore sell only 10 to 15 times earnings and afford a return of 6½% or better. When the fears which are now causing these low prices prove unfounded, the price earnings ratio may well return to 15 to 20 and the yields decline to 5%. The price rise incident to such a recovery would be 30% to 50% which, considering the nature of the security and the small risks involved, should appeal to investors who are unwilling to assume the risks inherent in industrial stocks during a war period.

Only a few high grade common stocks of utility operating companies are available to the public, but many of the holding companies are working on plans to distribute the stocks of their operating subsidiaries. Issues such as Houston Lighting, which National Power & Light contemplates offering in exchange for its own preferred stock, have an indicated market value even lower in relation to earnings and dividends than some of the utility operating company stocks already outstanding. Undoubtedly this is due in part to uncertainties as to how the Securities and Exchange Commission will enforce Section 11-B, of the Holding Company Act and whether these subsidiary stocks will actually be received. Voluntary distributions of operating company stocks, however, will probably be encouraged by the Commission and may be supplemented in some cases with forced exchanges where liquidation on the basis of an unreasonably low market valuation would result in an unjustified loss to the junior security holders of holding companies. The low initial price of these underlying stocks indicated by the market price of the holding company securities, however, should make them attractive to investors and enable them ultimately to show substantial enhancement in value.

TABLE A—INCOME ACCOUNT
(000's omitted)

		Adjusted for 10% Rise in Variable and Fuel Costs	Adjusted for 10% Rise in Wages and Other Variable Costs and 20% Rise in Fuel Costs
Gross Revenues—			
Domestic	$32,500*	$32,500	$32,500
Commercial	32,500*	32,500	32,500
Industrial	30,000*	30,750	31,500
Total	$95,000	$95,750	$96,500
Operating Expenses—			
Fuel	12,500†	13,750	15,000
Wages	16,150	17,765	17,765
Managerial and executive salaries	5,700	5,700	5,700
Other operating costs	4,750	5,225	5,225
Depreciation and amortization	10,450	10,450	10,450
General taxes	9,500	9,500	9,500
Gross income	$35,950	$33,360	$32,860
Fixed charges	11,400	11,400	11,400
Net income before income taxes	$24,550	$21,960	$21,460
Income tax (31% rate)	7,810	6,807	6,652
Net income	$16,740	$15,153	$14,808
Preferred dividends	4,750	4,750	4,750
Available for common stock	$11,990	$10,403	$10,058

	Kwh.	Average Rate
*Domestic	1,000,000,000	3.25c
*Commercial	1,000,000,000	3.25c
*Industrial	3,000,000,000	1.00c
Total	5,000,000,000	

†2½ mills per kwh.

Executive Committee Of Ass'n Of S. E. Firms

An Executive Committee of the Board of Governors of the Association of Stock Exchange Firms was appointed on Nov. 26 by James F. Burns, Jr., President, to serve during the ensuing year. The committee consists of the following Governors of the association:

George Storer Baldwin, Burr, Gannett & Co., Boston.

J. C. Bradford (First Vice-President of the Association), J. C. Bradford & Co., Nashville.

Harold T. Johnson, Jas. H. Oliphant & Co., New York City.

George R. Kantzler, J. E. Swan & Co., New York City.

Homer A. Vilas, Cyrus J. Lawrence & Sons, New York City.

Mr. Burns as President of the Association will be Chairman of the Committee.

A list of the Governors and new officers of the reorganized Association appeared in our issue of Nov. 20, page 1107.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1315)

gets fed up at just looking at somebody sleeping, unless of course, the sleeper is young and pretty.

* * *

Of course, there is the war to consider. At least there is something that makes interesting reading, particularly with the way some things are going now. The Russians are chasing the Germans to hell and gone out of Rostov; the British are finally doing something in Africa and even the Japs are beginning to do a lot of double talk they call face saving. Of course the war could go a lot better, still who am I to look a gift horse in the mouth.

* * *

In this country, you and I know that business is booming. The only place where things aren't milk and honey is right here in the business of buying and selling them for profit (?). I can give you a handful of explanations for this too, but as I am supposed to be interested in the stock market, what it consists of, and what makes it tick, I had better stop throwing my screwy philosophy around and get down to cases.

All right then. Here they are. Despite the doleful moans about how bad they look and how much further down they're all going, I believe the present is the time to buy and not to sell them. Never mind asking why. I can't answer that without reaching out and grabbing a couple of reasons out of thin air. Not that I can't do that, either. The trouble is that before this even gets into print the "well rounded and thoughtful reasons" that I may take so much trouble to think up may look awfully silly. So I'll leave causes to economists and limit myself to effects.

* * *

Since last week the market managed to not only sell down to a new level for the move but Tuesday and yesterday turned around, went up and, surprise of surprises, did it on million-share days. True there was a piece of news to pin the improvement on—the railroad settlement. Still how many pieces of good news had this market had at which it stuck it's tongue out? And anyway the market was not limited to rails. They all went up. Well, almost all anyway.

* * *

Looking at the stock tape you can't be impressed with what so often turn out to be surface wiggles. But if you look at the tape in retrospect, —yesterday, the day before, and the week before that—and add the whole thing up, you will see that there are more stocks that resist the down trend than there are playing follow-the-leader.

* * *

So far this may not be significant, but I think if you wait until somebody rings a bell and yells "They're off!" you'll be left with nothing but a handful of memories to console you.

* * *

I don't think they'll stay around these levels much longer. I know you're thinking, sure, they'll go lower. Well, maybe they will. You never get a guarantee with 'em. But the chances are against it. In any case you still hold five stocks. These, with their purchase price and stops follow:

* * *

Bendix 37, stop 34 (now 38). Gulf, Mobile & Ohio pfd. 20, stop at 17 (now 21). N. Y. Shipbuliding 15, stop 26 (now 28). U. S. Steel 53, stop 49 (now 52, plus $1 dividend) and Warner Bros. 5, stop 3¾ (now 6). My advice is to keep holding them.

* * *

Here's another stock that has been acting well of late, Wheeling Steel. Suggest buying it between 25½-26½ with a stop at 24½.

* * *

And by the way, I think U. S. Steel will shortly take its place as a market leader with plenty of oomph.

* * *

J. E. A., Cincinnati, Ohio — Thanks for the posies. I wouldn't be human if I didn't like to get letters like yours. I agree with you on fire insurance and casualty stocks. Certainly your theories about fire losses seems sound, but what with one thing and another I haven't given the group the study it deserves. However, I'll look into it.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Farm Product Prices On Nov. 15 Are Down

The general level of prices received by farmers for agricultural commodities on Nov. 15 showed a decline of four points from a month earlier, the U. S. Department of Agriculture reported on Dec. 1. The decline was the first to be experienced since the price upswing began last April, but the ndex at 135% of the August, 1909-July, 1914 average still was 36 points above a year ago. The Department gave the following details of changes:

Fruit led the decline, prices of new crop citrus fruits dropping sharply and more than offsetting advances in apple prices. Cotton and cottonseed prices also dropped abruptly, and meat animal prices declined moderately. Gains were recorded for some commodities, especially chickens and eggs—up 11 points —and grains, and dairy products.

Aggregate crop production is expected to be about 4% larger than for 1940. Grain supplies, both for feed and bread, are more than ample. Production of dairy and poultry products was exceptionally high in the first two weeks of November, and marketings of livestock were up 6% over last year.

Despite abundant supplies, an increased demand for farm products has supported local market prices at considerably higher levels than a year ago. This is partly a result of payrolls which are about 40% larger than at the same time last year.

Although he was receiving slightly less for his farm produce than on Oct. 15, the farmer was paying somewhat more for the things he bought, particularly for food, clothing and furniture. Prices of some commodity groups, however, were leveling off. Steady-to-lower farm prices were more than offset by advances in prices paid for family maintenance items.

Oct. Consumer Loans Up

Consumer loans by industrial banking companies aggregated $43,100,000 in October of this year, an increase of 12.2% compared with September when the volume was the smallest for any month in three years and a decrease of 2.9% compared with October, 1940, according to figures issued Dec. 2 by the Department of Commerce.

Industrial banking companies made loans aggregating $470,800,000 during the first 10 months of this year ending October, an increase of 6.2% compared with the corresponding period of last year, it was reported.

Consumer repayments on industrial bank loan obligations totaled $44,600,000 during October, 5.2% above September and greater by 1.4% than for October of last year. Consumer repayments for the January-October period of this year totaled $454,900,000, it was said.

Industrial banking company consumer installment loan balances totaled $303,600,000 at the end of October, a decrease of $1,500,000 compared with September.

October was the second consecutive month of this year that installment loan receivables held by industrial banks decreased from the preceding month. The decrease of $1,500,000 recorded for October, however, was not as marked as the $4,000,000 decrease in September, the first month of control of consumer credit under regulations of the Federal Reserve Board according to the Department of Commerce.

The Securities Salesman's Corner

SOME PLAIN TALK ON DIRECT MAIL ADVERTISING

Our column for this week is going dogmatic for a change. We are going to state some convictions that are based upon samples of direct mail literature usually sent out by securities dealers and investment brokers.

Conviction number one is that most of these mailings are a waste of time and money. We have been repeatedly advised by many investors that most of this "junk," as they termed it, has been a nuisance to them and it is usually tossed directly into the waste basket.

Conviction number two is that this condition is wholly unnecessary. Also, that direct mail can be used by any securities dealer to increase his business and to build good will.

In this short article, it is difficult to present the complete requisites of a successful direct mail department which will creatively augment the efforts of the sales department. Nevertheless, the following highlights of the approach to such a program are, in the writer's opinion, absolutely essential before profitable results of any consequence can be achieved.

Point No. 1—The mail campaign should be tied in with the efforts of the sales force. Isolated mailings of circulars, whenever the firm has anything to sell, should be part of a complete plan —*not the major effort of the mailing and advertising department.* Most investors have told us that the only time they ever hear from an investment firm is "when the dealer has something to sell." Yet, this is a personalized business, where the individual investor and the Securities Dealer are supposed to enjoy the most confidential of business relationships. The psychology of such an advertising and mail campaign is almost analogous to having your doctor circularize you regarding his great specials on X-ray examinations or rib fractures or your lawyer writing you a letter that he had some excellent buys in damage suits or divorce cases. This is a far-fetched analogy, but the principle is the same. Is it any wonder that mailings which predominantly stress an offering of a security go right into the trash basket?

Point No. 2—Dignity has its place in life, but if carried to extremes, it is often mistaken for coldness, crustiness and highbrowism. We believe that most financial advertising is too dignified. When it comes to advertising, we believe the average security dealer is still unconsciously following certain beaten paths that were laid down years ago when the Securities Business belonged to the Cabots and the Lowells, and a bank was a place where people spoke softly lest they wake the dead. Today, you've got to do something different to "awaken the dead!"

Step out of the crowd. Don't be afraid to be different. Use imagination. Talk American—write simply—be—human and to "H" with the dignity. The kind of dignity we mean is that which is dead, dull and staid, for it is worthless and costly advertising. Character is different, and advertising that has character, which is based upon sincerity, upon human interest in your fellow man and upon a certain introduction of the personality of the advertiser is certain to obtain successful results. It may be dignified to send a long, involved letter, replete with hedge clauses, etc., etc., to a list of investors, but this alone won't bring orders. A soundly conceived, humanized mail approach which is tied in with the coordinated efforts of the sales force can be replete with character, and in addition it will SELL.

Point No. 3—A direct mailing should have objectives. They should be divided into classifications. For instance:

(a) Follow-ups for regular customers and active prospects.

(b) Mailings particularly adapted toward securing business from specialized accounts, viz., municipal buyers, institutional accounts, buyers of particular industry securities, such as rails, utilities, insurance stocks, etc. This is the work of the coordinator between the sales organization and the mailing and advertising departments. It is of fundamental importance in achieving success. Why should an ultra-conservative buyer of municipals receive a letter advising the purchase of a non-dividend paying speculative common stock, and yet this happens almost every day in the securities business.

Likewise, every salesman should know which of his active accounts and prospects are receiving the advertising, also the date when it is sent to them and the contents of the message. After all, it is the salesman's customer, and he is the only one who has to take care of his customer's needs. The firm can only back up the salesman and this is the proper and most effective method of increasing business.

Unless the salesman can personalize and direct the advertising department's efforts in this respect, the entire campaign falls apart and much of its effectiveness is hampered and destroyed.

Next week, we are going to bring out certain specific suggestions in regard to direct mail advertising that will illustrate the practical applications of the principles set forth in this week's column.

We call your attention specifically to an idea which we are going to pass along to our readers in next week's column. Recently this "mailing idea" was used by a stock exchange firm in New York City and out of 435 names circularized, they received 127 replies. This only goes to show that there is a right way to do everything, and that even today, investors will still show an interest if you go after them with the proper stimulants.

Calendar of New Security Flotations

OFFERINGS

MARMON-HERRINGTON CO., INC.

Marmon-Herrington Co., Inc., registered with SEC 150,000 shares common stock, $1 par value

Address—1511 W. Washington St., Indianapolis, Ind.

Business—An outgrowth of the truck department of the former Marmon Motor Car Co., company is engaged in the manufacture, assembly, sale of heavy duty trucks, Ford conversion units, tracklaying tractors, military combat vehicles and other special military equipment. Unfilled orders of company totaled $23,712,126 on Oct. 20, 1941, of which a large portion are for track-laying military combat vehicles of various types, the production of which is just getting under way

Underwriting—All of the 150,000 shares registered are already issued and outstanding, and are to be purchased from three selling stockholders by Brown, Schlessman, Owen & Co., Denver, Colo., at $8 per share. Underwriter may form an underwriting group for the stock

Offering—The shares will be offered to the public at a price of $10 per share.

Proceeds will be received by the three selling stockholders

Registration Statement No. 2-4873. Form A2. (11-1-41)

Effective 12:20 p.m., E.S.T., on Nov. 14, 1941.

Offered Dec. 2, 1941, at $10 per share

ROHR AIRCRAFT CORP.

Rohr Aircraft Corp. registered with the SEC 200,000 shares of capital stock, $1 par value

Address—Chula Vista, Cal.

Business—Manufacture and sale of parts for aircraft pursuant to subcontracts with and purchase orders from Consolidated Aircraft Corp. and Lockheed Aircraft Corp.; parts manufactured are in following categories: cowling, power plant assemblies, boom doors and bomb rack adapters

Underwriting—Lester & Co., Los Angeles, Cal., and associates

Offering—Of the 200,000 shares registered, 135,000 will be offered for the account of the company and the remaining 65,000 shares (already issued and outstanding) will be offered for the account of the owner thereof, Consolidated Aircraft Corp. Such 200,000 shares will be offered to the public at $4.40 per share; underwriting commission is 88 cents per share

Proceeds to company from sale of the 135,000 shares will be used as follows: $125,000 for contemplated advance payments to sub-contractors; $262,500 to discharge the unpaid portion of Federal income and excess profits taxes for fiscal year ended July 31, 1941; and $73,700 for increase of inventories

Registration Statement No. 2-4871. Form A1 (10-29-41—San Francisco)

Effective 4:45 p. m. E.S.T. on Nov. 26, 1941

Offered Nov. 27, 1941 at $4.40 per share

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

THURSDAY, DEC. 4

MOBILE GAS SERVICE CORP.

Mobile Gas Service Corp. registered with SEC $1,400,000 first mortgage bonds, due Dec. 1, 1961 (interest rate to be supplied by amendment), and 6,000 shares 6% cumulative preferred stock, $100 par.

Address—162 St. Francis St., Mobile, Ala.

Business—An operating utility subsidiary of Consolidated Electric & Gas Co., company furnishes natural gas service at retail in Mobile, Ala., and vicinity.

Underwriting and Offering—The bonds and the preferred stock will be sold by company under the competitive bidding Rule U-50 of the SEC's Holding Company Act, as soon as practicable after the registration statement shall have become effective. Names of the underwriters and public offering prices will be supplied by amendment.

Proceeds will be applied as follows: To the redemption, at 100 and accrued interest, of the outstanding $876,700 of first mortgage 5% bonds of 1956, the outstanding $637,750 of first mortgage income bonds series A (9%) of 1956, and the outstanding $236,950 of first mortgage income bonds series B (7%) of 1956; balance of $75,000 will be used to establish a construction fund to provide for acquisition or construction of additional property.

Registration Statement No. 2-4887. Form A-2 (11-15-41).

Bids will be received for the purchase of the securities at 90 Broad St., New York, before 11 a. m. E.S.T. on Dec. 16

SUNDAY, DEC. 7

NORTH SHORE GAS CO.

North Shore Gas Co. registered with the SEC $3,700,000 of first mortgage series A bonds, due 1961, and $700,000 serial notes due $50,000 semi-annually in 1942-1948, inclusive. Interest rates and maturity dates will be supplied by amendment

Address—211 Madison St., Waukegan, Ill.

Business—This public utility company is engaged principally in the production, distribution and sale of gas for heat, light, power and other purposes; gas sold consists partially of water gas and partially of coke oven gas. Territory served comprises 270 sq. miles, including all of the communities situated along the shore of Lake Michigan from the Illinois-Wisconsin State line on the north to the south boundary of Winnetka, Ill., on the south

Underwriters—Central Republic Co., Chicago, is named principal underwriter; names of other underwriters will be supplied by amendment

Offering—The bonds and notes will be offered to the public, at prices to be supplied by amendment.

Proceeds, plus other funds of company, will be applied to payment, at 100 and accrued interest, of the $4,604,000 of joint first mortgage 4% Series A bonds, due Jan. 1, 1942, of company and North Shore Coke & Chemical Co.

Registration Statement No. 2-4889. Form A2. (11-18-41)

Company has filed an amendment with the SEC disclosing that the $3,700,000 first mortgage series A bonds of company would bear an interest rate of 4% per annum, and would mature on Dec. 1, 1961. Also, that the $700,000 of serial notes would mature $50,000 on each June 1 and Dec. 1, from June 1, 1942, to Dec. 1, 1948, both inclusive. The public offering prices of the bonds and notes, and the interest rates on the notes, will be supplied by a subsequent amendment to the registration statement

The underwriters, and the principal amount of the bonds and notes which each has agreed to purchase, are as follows:

	Bonds	Notes
	(000 omitted)	
Central Republic Co., Inc., Chicago	$1,050	$200
E. H. Rollins & Sons Inc., New York	900	170
Stern, Wampler & Co., Inc., Chicago	650	120
Coffin & Burr, Inc., Boston	600	115
A. C. Allyn & Co., Inc., Chic.	500	95

MONDAY, DEC. 8

HASTINGS MANUFACTURING CO.

Hastings Manufacturing Co. registered with SEC 140,400 shares common stock, $2 par value

Address—Hastings, Mich.

Business—Manufactures and sells piston rings and expanders

Underwriters—Schroder, Rockefeller & Co., Inc., are principal underwriters. Other underwriters are Smith, Hague & Co. and Carlton M. Higbie Corp., Detroit, Mich.

Offering—23,100 shares are unissued and are to be offered to the public for the account of the company; remaining 117,300 shares are outstanding and are to be sold to public for account of certain selling stockholders

Public offering price is $9.50 per share

Proceeds to company will be used for general corporate purposes, including purchase of new equipment and for working capital

Registration Statement No. 2-4890. Form A2. (11-19-41 Cleveland)

RAILROAD EMPLOYEES CORP.

Railroad Employees Corp. registered with SEC $750,000 5% convertible sinking fund debentures, due Dec. 1, 1956; and undetermined number of shares $1 par class A common stock, reserved for issuance on conversion of the debentures

Address—155 E. 44th St., N. Y. City

Business—Through subsidiaries, engaged in the "small loans" business in New York and New Jersey

Underwriters—E. H. Rollins & Sons, Inc., New York, is principal underwriter; others to be named by amendment

Offering—Debentures will be offered to public, at price to be supplied by amendment

Proceeds will be added to general funds, and used in part to reduce bank loans and commercial paper

Registration Statement No. 2-4891. Form A2. (11-19-41)

WEDNESDAY, DEC. 10

DIVERSIFIED FUND CORP.

Diversified Fund Corp. registered with SEC 1,000 certificates representing Diversified Fund Trust Shares, dividend into Capital Shares, Income Shares and Installment Shares, aggregate amount of which is not to exceed $2,000,000

Address—608 Sunshine Bldg., Albuquerque, N. M.

Business—Investment trust.

Underwriter—To be offered by company.

Offering—The 1,000 certificates are to be offered at not exceeding an aggregate of $2,000,000.

Proceeds for investment purposes

Registration Statement No. 2-4892. Form C1. (11-21-41)

THURSDAY, DEC. 11

PUBLIC SERVICE CO. OF INDIANA, INC.

Public Service Co. of Indiana, Inc., registered with SEC $42,000,000 first mortgage series D 3⅜% bonds, due Dec. 1, 1971

Address—110 N. Illinois St., Indianapolis, Ind.

Business—Incorporated in Indiana on Sept. 6, 1941, as result of consolidation of Public Service Co. of Indiana, Central Indiana Power Co., Northern Indiana Power Co., Terre Haute Electric Co. and Dresser Power Corp. Company is a public utility operating in State of Indiana and is engaged principally in production, generation, manufacture, purchase, transmission, supply distribution and sale of electric energy and gas, and in the supply, distribution and sale of water.

Underwriting and Offering—The bonds will be sold under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters, and public offering price, will be supplied by post-effective amendment to registration statement

Proceeds, plus other funds of company if necessary will be applied to redemption, within 40 days after issuance of the bonds, of the $38,000,000 of Public Service Co. of Indiana first mortgage series A 4% bonds, due Sept. 1, 1969, at 106½ and accrued interest; and $4,000,000 of the net proceeds will be deposited with the trustee under the series D indenture and will be used in accordance with the provisions of the indenture

Registration Statement No. 2-4893. Form A2. (11-22-41)

SATURDAY, DEC. 13

KANSAS-NEBRASKA NATURAL GAS CO., INC.

Kansas-Nebraska Natural Gas Co., Inc., registered with SEC 48,468 shares common stock, $5 par value

Address—Phillipsburg, Kan.

Business—Company is an operating public utility company engaged in the purchase of natural gas in Kansas, and in its transmission and wholesale and retail distribution in the States of Kansas and Nebraska

Underwriting—Names of underwriters, and number of shares underwritten by each, are as follows: First Trust Co., Lincoln, Neb., 11,108 shares; Harold E. Wood & Co., St. Paul, Minn., 15,132; Estes, Snyder & Co., Inc., Topeka, Kan., 10,012; United Trust Co., Abilene, Kan., 5,552; Beecroft, Cole & Co., Topeka, Kan., 6,664

Offering—The 48,468 shares are subject to purchase, under certain options, by the above underwriters, from the company, at a price of $5.4545 per share for a block of 8,468 shares, and at a price of $5.50 per share for the remaining 40,000 shares. The underwriters, upon exercise of their various options, propose to reoffer such shares to the public at a price of $6.50 per share

Proceeds will be added to working capital of company

Registration Statement No. 2-4894. Form A2. (11-24-41)

CHESAPEAKE CORPORATION OF VIRGINIA

Chesapeake Corporation of Virginia registered with the SEC an unstated number of shares of common stock, $5 par value. Company estimates that the number of shares to be involved is 135,000 shares

Address—West Point, Va.

Business—Company is engaged in the manufacture and sale of sulphate pulp, Fourdrinier kraft board and kraft specialties

Underwriting — Principal underwriters named are: Scott & Stringfellow, Richmond, Va., and Blyth & Co., Inc., New York. Names of other underwriters will be supplied by amendment to the registration statement

Offering—The shares of common stock to be offered under this registration statement are already issued and outstanding, and are to be offered to the public for the account of certain selling stockholders. Public offering price will be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4895. Form A2. (11-24-41)

MONDAY, DEC. 15

NEW ENGLAND TELEPHONE & TELEGRAPH CO.

New England Telephone & Telegraph Co. registered with the SEC 222,243 shares of common stock, $100 par value

Address—50 Oliver St., Boston, Mass.

Business—This subsidiary of the American Telephone & Telegraph Co. is engaged in the telephone business in Maine, New Hampshire, Vermont, Massachusetts and Rhode Island

Underwriting and Offering—The 222,243 shares of common stock are to be offered pro rata by company for subscription at $100 per share, to its common stockholders of record Dec. 19, 1941, in the ratio of one share for each 6 shares then held. Subscription rights, evidenced by warrants to be issued to such stockholders, will expire on Jan. 15, 1942. The company may sell, at not less than $100 per share, such portion of the 222,243 shares as may not be purchased through the exercise of subscription rights, and in such event company will file an amendment to the registration statement stating the proposed number and offering price of such shares, the manner of sale and all other matters required to be stated in connection with such sale. The offering of the 222,243 shares is not underwritten

Proceeds will partly reimburse company's treasury for uncapitalized expenditures to its telephone plant; a portion of such treasury funds will be used to repay the parent AT&T for advances of approximately $13,500,000; and the remainder of the proceeds will be used for general corporate purposes

Registration Statement No. 2-4896. Form A2. (11-26-41)

THE MARYLAND DRYDOCK CO.

The Maryland Drydock Co. has filed registration statement with SEC for 112,740 shares of common stock, $1 par value

Address—Fairfield, Baltimore, Md.

Business—Engaged in a general line of ship repair, reconditioning and conversion work on ocean-going vessels, including freighters, passenger ships, tankers, colliers, dredges, lighthouse tenders, Coast Guard cutters, mine layers, troop ships and Navy destroyers, and also bay and river craft of most types

Underwriters—Shields & Co., New York, is named as principal underwriters; other underwriters will be named by amendment

Offering and Proceeds—The 112,740 shares of common stock are already outstanding and are owned by Koppers Co., which will receive all of the proceeds from the sale thereof. Upon consummation of the sale of these shares, Koppers Co. will not own any shares of common stock of company. The public offering price will be supplied by amendment to registration statement

Registration Statement No. 2-4897. Form S2. (11-26-41)

TUESDAY, DEC. 16

SOUTH CAROLINA INSURANCE CO.

South Carolina Insurance Co. registered with SEC 12,500 shares common stock, $8 par value

Address—1400 Main St., Columbia, S. C.

Business—Engaged principally in the writing of fire insurance

Underwriting and Offering—The shares will first be offered for subscription to present stockholders, under their preemptive rights, at price of $16 per share. Unsubscribed portion of such shares will be offered to public at $18 per share, within 30 days after effective date of registration statement. Underwriters will be named by amendment; underwriting commission will be $2 per share

Proceeds will go directly to capital ($100,000) and the residue to surplus. Company deems it essential to comply with laws of New York State, soon to become effective requiring a minimum capital of $250,000 and with the laws of Massachusetts requiring a minimum capital of $300,000

Registration Statement No. 2-4898. Form A2. (11-27-41)

WEDNESDAY, DEC. 17

ABBOTT LABORATORIES

Abbott Laboratories registered with SEC 30,000 shares 4% cumulative preferred stock, $100 par

Address—14th St. & Sheridan Rd., North Chicago, Ill.

Business—Engaged in business of manufacturing fine pharmaceutical preparations, important medicinal chemicals and biologies, and widely used vitamin products

Underwriting—Underwriters, and number of shares which each has agreed to purchase, are: A. G. Becker & Co., Inc., 15,000; F. S. Mosely & Co., 7,500; Shields & Co., 7,500 (all of Chicago). Underwriting commission is set at $2.75 per share

Offering—Public offering price will be supplied by amendment

Proceeds will be used as follows: $1,382,654 to redemption, at $107 per share, of all outstanding 4½% convertible preferred stock; $400,000 to replace working capital heretofore or hereafter expended by company in connection with construction activities at company's plant; and balance for working capital

Registration Statement No. 2-4899. Form A2. (11-28-41)

THURSDAY, DEC. 18

GENERAL SHOE CORPORATION

General Shoe Corporation has filed a registration statement with the SEC for $2,500,000 of 15-year 3¼% sinking fund debentures, due Dec. 1, 1956

Address—513 Gallatin Ave., Nashville, Tenn.

Business — Manufactures and sells a range of low-priced and medium-priced men's and boys' shoes, including work shoes; boots; children's shoes; and growing girls' and women's shoes. Principal advertised trade names are Jarman, Fortune, Skyrider, Betty Barrett and Friendly

Underwriting—Smith, Barney & Co., New York, is named principal underwriters; others will be named by amendment

Offering—The debentures will be offered to the public, at a price to be supplied by amendment

Proceeds will be added to company's general funds

Registration Statement No. 2-4900. Form A2. (11-29-41)

SATURDAY, DEC. 20

TIME FINANCE CO.

Time Finance Co. registered with SEC $400,000 10-year 5% sinking fund debentures, due Dec. 1, 1951, and option warrants for 20,000 shares common stock, $1 par value

Address—Louisville, Ky.

Business—Engaged in the "small loan" personal loan business in Kentucky and Minnesota

Underwriting—Underwriters of the debentures are Piper, Jaffray & Hopwood, Minneapolis, and Bankers Bond Co., Louisville, Ky. Underwriting commission is 6%

Offering—The debentures will be offered to the public at 100. Purchasers of each $1,000 debenture will receive an option warrant entitling holders to purchase 50 shares of common stock on or prior to Dec. 1, 1943, at $2.75 per share; purchasers of each $500 debenture will receive option warrants entitling holders to purchase 25 shares of common stock on or before Dec. 1, 1943, at $2.75 per share

Proceeds will be added to working capital

Registration Statement No. 2-4901. Form A2. (12-1-41)

MERCK & CO., INC.

Merck & Co., Inc., registered with SEC 53,690 shares 4½% cumulative preferred stock, $100 par, and 30,000 shares common stock, $1 par

Address—Rahway, N. J.

Business—Manufactures and sells chemicals for medicinal, household and industrial purposes

Underwriting—Names of underwriters, and number of shares of preferred and common stock each has agreed to purchase, are as follows:

	No. Shares Pfd.	No. Shares Com.
Goldman, Sachs & Co., N. Y.	11,595	6,480
Lehman Bros., New York	11,595	6,480
Baker, Weeks & Harden, N.Y.	1,500	838
Bodell & Co., Inc., Providence	1,500	838
Bristol & Willett, New York	1,000	560
Dillon, Read & Co., N. Y.	5,000	2,794
Drexel & Co., Philadelphia	2,500	1,396
First Boston Corp., New York	3,500	1,956
Harriman Ripley & Co., Inc. New York	3,500	1,956
Hemphill, Noyes & Co., N. Y.	2,000	1,118
Kidder, Peabody & Co., N. Y.	2,500	1,396
Laird, Bissell & Meeds, Wilmington, Del.	2,500	1,396
Merrill Lynch, Pierce, Fenner & Beane, New York	2,500	1,396
Union Securities Corp., N. Y.	2,500	1,396

Offering—The preferred and common stock will be offered to the public, at prices to be supplied by amendment to registration statement

Proceeds to company from sale of the 53,690 shares preferred stock, will be applied to payment of a $3,000,000 1¾% serial bank loan; balance will be added to company's general funds

Registration Statement No. 2-4902. Form A2. (12-1-41)

R. L. SWAIN TOBACCO CO., INC.

R. L. Swain Tobacco Co., Inc., has filed registration statement with SEC for 1,000 shares 6% non-cumulative preferred stock; $100 par; 3,500 shares class A voting common stock, $1 par; and 50,000 shares of class B non-voting common stock, $1 par

Address—108 Market St., Danville, Va.

Business—Manufacture and sale of Pinehurst cigarettes and other brands and smoking tobaccos treated with the company's patented Panax Process

Underwriting—None. Securities will be sold by officers and licensed salesmen of company, and by John W. Yeaman, of Martinsville, Va. Commission to selling agents is $12.75 per share of preferred and 75 cents per share for the class A and B common stock

Offering—The securities will be offered to public at following prices: $85 per share for the preferred stock, and $5 per share each for the class A and class B common stocks. The preferred and class B common may also be sold in units of one share of preferred and 3 shares of class B stock at $100 per unit

Proceeds will be used to purchase a manufacturing plant, equipment, advertising campaign expenses, and for working capital

Registration Statement No. 2-4903. Form A1. (12-1-41)

SUNDAY, DEC. 21

KEARNEY & TRECKER CORP.

Kearney & Trecker Corp. filed registration statement with SEC for 198,083 shares common stock, $3 par value

Address—6784 W. National Ave., West Allis, Wis.

Business—Manufactures and sells milling machines, which are machine tools widely used in industry for the facing, removal and shaping of metal through the application of a multiple toothed rotating cutting tool to a work piece secured to a moveable table

Underwriters—Blyth & Co., Inc., New York, and The Wisconsin Co., Milwaukee, Wis., are named principal underwriters, others will be named by amendment. Underwriting commission will be $3.50 per share

Offering—The shares registered are already outstanding and are to be sold to the public for the account of certain selling stockholders; public offering price will be supplied by amendment. Proposed maximum offering price, based on the SEC filing fee, is $30 per share

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4904. Form S2. (12-2-41)

PITTSBURGH STEEL CO.

Pittsburgh Steel Co. has filed a registration statement with the SEC for $2,000,000 of first mortgage series B 4½% bonds, due Dec. 1, 1950

Address—1600 Grant Building, Pittsburgh, Pa.

Business—Engaged primarily in manufacture and sale of semi-finished steel products, wire products and tubular products

Underwriting—Kuhn, Loeb & Co., and A. G. Becker & Co., Inc., both of New York, each have agreed to purchase $1,000,000 principal amount of the bonds

Offering—The bonds will be offered to the public, at a price to be supplied by amendment

Proceeds to extent of $1,040,000 will be deposited with Trustee and will be withdrawn from time to time in the future against property additions which are not contemplated; balance for working capital

Registration Statement No. 2-4905. Form A2. (12-2-41)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AIR ASSOCIATES, INC.

Air Associates, Inc., registered with SEC 50,000 shares $1.37½ Cumulative Convertible Preferred Stock, no par; and maximum of 100,000 shares $1 par common stock, latter reserved for issuance upon conversion of the preferred.

Address—Bendix Airport, Bendix, N. J.

Business—Company is manufacturer and distributor of airplane parts, equipment, material, supplies and accessories.

Underwriter—White, Weld & Co., New York, is principal underwriter; others to be named by amendment. Underwriting commission is $2.25 per share.

Offering—Preferred stock to be offered amendment.

Calendar of New Security Flotations

Proceeds—$300,000 to prepay outstanding bank loans; $200,000 for purchase of additional machinery; balance for plant additions and working capital.

Registration Statement No. 2-4851. Form A-2. (9-27-41).

The company has filed an amendment to its registration statement with the Securities and Exchange Commission disclosing that its 50,000 shares of $1.37½ cumulative convertible preferred stock will be offered to the public by the following underwriters:

	Shares
White, Weld & Co.	12,500
Jackson & Curtis	10,000
Merrill, Lynch, Pierce, Fenner & Beane	10,000
Stern, Wampler & Co.	5,000
E. H. Rollins & Sons	4,000
Pacific Co. of California	4,000
Mitchum, Tully & Co.	1,500
Cohu & Torrey	1,000
Fuller, Cruttenden & Co.	1,000
Vietor Common & Co.	1,000

Amendment filed Nov. 25, 1941, to defer effective date

AMERICAN BAKERIES CO.

American Bakeries Co. registered 15,000 shares Class B no par common stock

Address—No. 520 Ten Pryor St. Bldg., Atlanta, Ga.

Business—Manufacturing and distributing bakery products in souther states

Underwriter—None named

Offering—Stock will be offered to public at price to be filed by amendment

Proceeds—All proceeds will be received by L. A. Cushman, Jr., chairman of board of company, for whose account the stock will be sold

Registration Statement No. 2-4714. Form A-2. (3-28-41)

BEACON ASSOCIATES, INC.

Beacon Associates, Inc. registered SEC $500,000 6% Participating Sinking Fund Debentures, due July 1, 1971

Beacon Associates, Inc. interest rate on $500,000 Participating Sinking Fund Series A Debentures, due July 1, 1971, changed from 6% to 6½% per annum, according to amendment filed with SEC July 21, 1941

Address—216 Turks Head Bldg., Providence, R. I.

Business—Engaged in the small loan business in Rhode Island and Massachusetts

Offering—The Debentures will be offered to the public at 100 by F. L. Putnam & Co., Inc., Boston; underwriting commission is 15%, leaving net price to company of 85

Underwriter—F. L. Putnam & Co., Inc., Boston

Proceeds—Will be advanced to subsidiary for their working capital or will be used for payment of debt incurred on providing funds for advances to subsidiaries

Registration Statement No. 2-4790. Form A-2. (6-27-41)

Effective—3:00 P.M. E.S.T., August 22 as of July 17, 1941

BEAR MINING AND MILLNG COMPANY

Bear Mining and Milling Co. registered 153,145 shares of common stock, $1 par

Address — 513 Majestic Bldg., Denver. Colo.

Business—Mining and milling

Underwriter—None

Offering—Stock will be offered publicly at $1 per share, selling commission, 35%

Proceeds — For development equipment and operation mining property near Breckenridge, Colo.

Registration Statement No. 2-4571. Form A-1. (11-12-40)

BONWIT TELLER, INC.

Bonwit Teller, Inc. registered 39,334 shares of 5½% cumulative convertible preferred stock, $50 par, and 131,202 shares of common stock, $1 par

Address—721 Fifth Avenue, New York City

Business—Operation of specialty store in New York City

Underwriters—To be filed by amendment

Offering Terms — Preferred and common will be publicly offered at prices to be filed by amendment, except that 106,202 common shares will be reserved for conversion of preferred

Proceeds—Stock will be sold by Atlas Corp. and the American Co., parents, and no proceeds will be received by the company

Registration Statement No. 2-4748. Form A-2. (4-30-41)

Amendment filed Nov. 24, 1941, to defer effective date

CAROLINA TELEPHONE & TELEGRAPH CO.

Carolina Telephone & Telegraph Co. registered with SEC 10,625 shares common stock, $100 par, and subscription warrants evidencing rights to subscribe for such 10,625 shares common stock

Address—122 St. James St., Tarboro, N. C.

Business—This operating company is engaged in the telephone business in the eastern part of North Carolina. About 31.67 of its common stock is owned by Southern Bell Telephone & Telegraph Co. (a subsidiary of AT&T)

Underwriters—There is no underwriting involved in connection with this financing

Offering—Common stockholders of record Nov. 26, 1941, are being granted transferable warrants to subscribe at $100 per share for the 10,625 shares of common stock, at the rate of one share for each 4 shares then held. Warrants expire Dec. 29, 1941. Company reserves right to reoffer for sale, at a price in no event less than $100 per share, such of the 10,625 shares of common stock as are not subscribed for by stockholders in the exercise of the warrants

Proceeds to payment of $830,000 of bank loans, balance for plant and equipment additions and betterments, and for working capital

Registration Statement No. 2-4875. Form A2 (11-4-41)

Effective 4:45 p. m. E.S.T. on Nov. 19, 1941

CHAMPION PAPER & FIBRE CO.

Champion Paper & Fibre Co. registered with SEC $8,500,000 of first mortgage bonds, due Nov. 1, 1956 (interest rate to be filed by amendment); 40,000 shares $5 cumulative convertible preferred stock, no par; and an indeterminable number of shares of no par common stock, to be reserved for issuance upon conversion of the preferred stock

Address—Hamilton, O.

Business—Largest domestic manufacturer of the types of paper known in the trade as white papers and book papers, and is one of the largest domestic manufacturers of coated papers

Underwriters are W. E. Hutton & Co and Goldman, Sachs & Co., both of New York, N. Y.

Offering—The bonds and preferred stock will be offered to the public, at prices to be supplied by amendment

Proceeds will be used to redeem the outstanding aggregate of $8,660,000 of 4¾% sinking fund debentures ($4,125,000 principal amount due 1950, at 104½; $4,535,000 principal amount of the 1938 Issue at 102¼), requiring $8,947,663. Balance of net proceeds will be added to working capital

Registration Statement No. 2-4867. Form A2. (10-25-41)

Amendment Filed—Company has filed an amendment with the SEC to its registration statement disclosing that the bonds would bear interest at the rate of 3½% per annum. The public offering price of the bonds and the preferred stock will be supplied by later amendment

Also disclosed in the amendment is the names of the underwriters for the bonds and preferred stock, together with the each, as follows (all of New York City, unless otherwise indicated):

	Prin. amt. of bonds	No. of shs. of pref. stk.
W. E. Hutton & Co.	$1,700,000	8,000
Goldman, Sachs & Co.	1,700,000	8,000
R. S. Dickson & Co.	127,000	600
Drexel & Co., Phila.	425,000	2,000
Field, Richards & Co., Cincinnati	85,000	400
First Boston Corp.	425,000	2,000
Harriman Ripley Co.	425,000	2,000
Hemphill, Noyes Co.	255,000	1,200
Hornblower & Weeks	340,000	1,600
Johnson, Lane, Space & Co., Savannah	85,000	400
Kidder, Peabody Co.	765,000	3,600
Kuhn, Loeb & Co.	850,000	4,000
W. C. Langley & Co.	340,000	1,600
Lee Higginson Corp.	511,000	2,400
Piper, Jaffray & Hopwood, Minneapolis	127,000	600
White, Weld & Co.	340,000	1,600

Offering Deferred—Company announced Nov. 17 that the offering of the securities has been postponed for the present.

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s, 1952; $4,750,700 Deb. 5s, due April 15, 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co., a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof; and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s, 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

COMPOSITE BOND FUND, INC.

Composite Bond Fund, Inc., registered with SEC 32,500 shares $1 par common stock.

Address—601 Riverside Ave., Spokane, Wash.

Business — Open-end investment trust, limited to investments in bonds.

Underwriting—Murphey, Favre & Co., Spokane, Wash., is underwriter and distributor, purchasing said shares at the net asset value then in effect for distribution to public at such net asset value plus 8½%.

Offering—To be offered to the public at the then prevailing market price.

Proceeds—Will be used for investment purposes.

Registration Statement No. 2-4825 Form A-1. (8-28-41)

Amendment filed Nov. 8, 1941, to defer effective date

CONSOLIDATED AMUSEMENT CO., LTD.

Consolidaaed Amusement Co., Ltd., registered with SEC 50,000 shares common stock, no par

Address—Honolulu, Hawaii

Business—Engaged in exhibiting motion pictures in theatres owned or operated by it on the Islands of Oahu, Hawaii and Kauai in the Territory of Hawaii and of distributing motion pictures for exhibition purposes to other exhibitors on the Islands of Oahu, Hawaii, Maui, Lanai, Molokai and Kauai in the Territory of Hawaii

Underwriters—None

Offering—The shares will be offered for subscription at $10 per share pro rata to holders of common stock of record Oct. 15, 1941, on a one for three basis, through warrants, exercisable up to and including Dec. 27, 1941. Unsubscribed portion of such 50,000 shares will be sold at public auction in Honolulu. There is no underwriting in connection with this offering. Of the 50,000 shares so offered, 33,813 shares will upon their issuance be subject to the Voting Pool Agreement, as extended to April 15, 1950

Proceeds will be used to redeem, on Dec. 10, 1941, the outstanding 6% Series A cumulative preferred stock of company

Registration Statement No. 2-4880. Form A2. (11-7-41)

Effective 4:45 p. m. E.S.T. on Nov. 19, 1941

Consolidated Amusement Co., Ltd., also filed registration statement with SEC covering voting trust certificates to be issued for a maximum of 33,813 shares of common stock, no par, registered above (2-4880)

Registration Statement No. 2-4881. Form F1 (11-7-41)

Effective 4:45 p. m. E.S.T. on Nov. 19, 1941

CROCKER MC ELWAIN CO.

The Voting Trustees of Crocker McElwain Co. registered with the SEC voting trust certificates, to be issued in exchange for a like number of shares of 1,684 shares of 7% preferred stock, $100 par, and 15,000 shares of common stock, $100 par.

The voting trust certificates provide that the voting trust shall continue in effect until Sept. 2, 1944, unless terminated earlier. Unless terminated according to its terms, the voting trust will continue until Sept. 2, 1947.

Voting trustees are Elmer C. Tucker, Ralph H. Morrill, and Joseph K. Holmes.

Address—642 Main St., Holyoke, Mass.

Business—Company is engaged in manufacture and sale of paper, with its mill located in Holyoke, Mass.

Registration Statement No. 2-4858. Form F-1. (10-11-41).

Effective 4:45 p.m., E.S.T., on Nov. 15, 1941.

EATON & HOWARD BALANCED FUND

Eaton & Howard Balanced Fund registered with SEC 500,000 Trust Shares

Address—25 Federal St., Boston, Mass.

Business—Investment Trust

Offering—The shares will be offered to the public, at the market

Underwriters—Eaton & Howard, Inc., Boston

Proceeds—For investment

Registration Statement No. 2-4860. Form A2 (10-15-41)

Effective—4 p. m., E.S.T., on Nov. 5, 1941

ELMORE OIL CORP.

Elmore Oil Corp. registered with SEC 14,000 shares common stock, $5 par value of which 1,376 shares have been sold heretofore and rescission offer is made

Address — Stevens-Harle Bldg., Durant, Okla.

Business—Engaged in the oil business, buying, selling oil and/or gas leases; owns and operates certain oil and gas leases and equipment in Brown and Jack Counties, Tex.

Underwriters—None

Offering—The shares will be offered to the public direct by company, at $5 per share

Proceeds will be used for drilling of 5 additional wells, the equipping of a certain lease, and for working capital

Registration Statement No. 2-4864. Form A-1. (10-21-41)

FLINTKOTE CO. (THE)

The Flintkote Co. registered with SEC 35,000 shares common stock, no par.

Address—30 Rockefeller Plaza, New York, N. Y.

Business—Directly or through subsidiaries, engaged in manufacture and sale of various asphalt and asbestos-cement roofing and siding products, structural and decorative insulation board products, asphalt emulsions, chipboards and boxboards, solid and corrugated containers, set-up and folding boxes, dry and saturated felts, rubber compounds and allied products.

Underwriters—None.

Offering—The 35,000 shares of common stock will be reserved for issuance by company to certain officers and employees of company and its subsidiaries from time to time, at not less than the then prevailing market price for company's common stock.

Proceeds will be applied toward, or will be used to reimburse company for expenditures made in connection with, construction or acquisition of additional felt mill facilities in Vernon, Cal.

Registration Statement No. 2-4885. Form A-2. (11-13-41)

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed Nov. 27, 1941, to defer effective date

HOUSTON LIGHTING & POWER CO.

Houston Lighting & Power Co. registered with SEC an indeterminate number of shares of its common stock, no par. (Company has outstanding 500,000 shares of common stock, of which 499,987 shares are held by its parent National Power & Light Co., which latter company also holds options to purchase the remaining 13 shares of outstanding common stock of company).

Address—900 Fannin St., Houston, Tex.

Business—Company is an operating public utility company principally engaged in generating, transmitting, distributing and selling electricity at retail and wholesale, serving 150 communities and an extensive rural area in Texas, including cities of Houston and Galveston.

Underwriter—None.

Offering — No public offering contemplated initially. Company is advised by National Power & Light, that that company has filed with SEC a declaration under the Holding Company Act contemplating, initially, the exchange of common stock of company which National Power & Light owns, for the $6 preferred stock of National Power & Light Co. and also contemplating that if, upon termination of such proposed exchange plan, National Power & Light still holds as much as 5% of common stock of company, it will dispose of such holdings as promptly as shall be practicable in light of then market and other conditions and with the best interests of its security holders in mind. After such disposition, company will have ceased to be either a subsidiary or an affiliate of National Power & Light Co. or Electric Bond & Share Co.

Registration Statement No. 2-4827 Form A-2. (8-29-41)

Company filed amendment (Nov. 28, 1941) with SEC disclosing the terms under which its 500,000 shares of no par common stock, outstanding and owned by National Power & Light Co., would be offered in exchange for the outstanding $6 preferred stock (279,716 shares) of National Power & Light Co. National Power & Light is offering to each holder of its $6 preferred stock the right to exchange all or any part of his holdings of $6 preferred stock, in full share amounts up to 90% of such holdings, for common stock of Houston Lighting & Power Co. on the basis of two shares of Houston common for one share of National $6 preferred stock. Expiration date of exchange offer will be supplied by amendment. Exchange agents are Bankers Trust Co., New York, and First National Bank, Houston, Tex. The exchange offer is permitted as a step preparatory to dissolution of National Power & Light Co.

ILLINOIS COMMERCIAL TELEPHONE CO

Illinois Commercial Telephone Co. registered with SEC $5,750,000 of first mortgage 3⅜% bonds, due Oct. 1, 1971; and 24,000 shares of $5 cumulative preferred stock no par

Address—607 E. Adams St., Springfield, Ill.

Business—This subsidiary of General Telephone Co. is engaged in providing, without competition, telephone service to 180 communities and surrounding territories in Illinois, including Kewanee, Monmouth, Macomb, Lincoln, Belvidere, Harrisburg, Olney, Mendota and Mt. Carmel

Underwriters, and amount of bonds and preferred stock underwritten by each, follow:

	Amt. of Bonds	No. of Shs. of pfd. stk.
Bonbright & Co., Inc., New York	$2,875,000	12,000
Paine, Webber & Co., New York	2,156,000	9,000
Mitchum, Tully & Co., Los Angeles	719,000	3,000

Offering—Bonds and preferred stock to be offered to the public at a price to be supplied by amendment to the registration statement

Proceeds from sale of the bonds and preferred stock, together with $105,000 received from sale of 7,000 additional shares common stock, will be used in part to retire following securities of company: $5,750,000 First Mortgage Series A 3¾% bonds, due June 1, 1970, at 105½; 17,098 shares $6 preferred stock, at $110 per share; 1,108 shares $6 preferred stock, owned by parent company, at latter's cost Balance of net proceeds will be used to purchase from General Telephone Corp the outstanding capital stocks of Central Illinois Telephone Co. and Illinois Standard Telephone Co., to make additions and betterments to company's plant and property, and for other corporate purposes

Registration Statement No. 2-4866. Form A2. (10-24-41)

Amendment filed Nov. 26, 1941, to defer effective date

INVESTORS MUTUAL FUND, INC.

Investors Mutual Fund, Inc., registered with SEC investment certificates representing an equitable interest in the following two classes of Special Stock of company: (I) Investors Diversified Fund: (a) 60 units of $1,200 each of Monthly Payment Certificates without life insurance protection permitting aggregate payments of $720,000; (b) 400 units of $1,200 each of Monthly Payment Certificates with life insurance protection permitting aggregate payments of $480,000; and (c) 2,000 units of $250 each of Full Paid Certificates requiring aggregate payment of $500,000; (II) Investors Corporate Fund: (a) 600 units of $1,200 each of Monthly Payment Certificates without life insurance protection permitting aggregate payments of $720,000; (b) 400 units of $1,200 each of Monthly Payment Certificates with life insurance protection permitting aggregate payments of $480,000; and (c) 2,000 units of $250 each Full Paid Certificates requiring aggregate payments of $500,000.

The number of shares to be issued of the classes of Special Stock designated as Investors Diversified Fund and Investors Corporate Fund, respectively, are indeterminable in advance. However, shares of each class of Special Stock will be issued in such amounts as are necessary to meet the investment requirements of Investors whose Net Payments upon the Certificates covered by this registration statement will be applied to the purchase of such shares of Special Stock from time to time. The Shares will be first issued at $10 each, then at net asset value

Address—1016 Baltimore Ave., Kansas City, Mo.

Business—Investment trust

Underwriters—Investors Fund, Inc.

Proceeds for investment purposes

Registration Statement No. 2-4869. Form A1 (10-29-41)

KENSINGTON MINES, INC.

Kensington Mines, Inc. has filed a registration statement covering 565,000 shares of $1 par 6 per cent cumulative preferred stock and the same number of shares of 1 cent par common 35,000 shares of $1 par 6 per cent cumulative preferred shares previously sold to promoters at $1 and 1,320,000 shares of 1 cent common previously sold to promoters at 2.68 cents a share

Address—Seattle, Washington

Business—Mining and Milling

Proceeds — For property, construction, development and working capital

Underwriters—Kressly and Campbell

Registration Statement No. 2-4697. Form A-1. (3-21-41)

Effective—4:45 P.M., E.S.T., April 9, 1941

KIRKLAND GOLD RAND, LTD

Kirkland Gold Rand, Ltd., registered with SEC, under refiling, 500,000 shares common stock $1 par

Address—360 St. James St., West, Montreal, Quebec, Canada

Business—Engaged in development, acquiring, holding, selling and operating gold, silver and other mineral mines. Company is still in the development stage

Underwriters—To be named by amendment

Offering—Above shares to be offered to public at $1.25 per share; underwriting commission is 43¾ cents per share

Proceeds—For development, purchase of equipment and working capital

Registration Statement No. 2-4727. Form A-1. Refiled (6-16-41)

Amendment to defer effective date filed in Cleveland Nov. 28, 1941

LA CROSSE TELEPHONE CORP.

La Crosse Telephone Corp. registered 32,080 shares of common stock, $10 par

Address—La Crosse, Wisconsin

Business—Telephone service to La Crosse, Wis.

Underwriter—Alex. Brown & Sons

Offering—All stock registered will be publicly offered at price to be filed by amendment, except that 2,406 shares will be sold to Central Electric & Telephone Co.

Proceeds—Stock registered is owned by parent company, Middle Western Telephone Co., which will donate a portion to La Crosse Telephone Corp. and latter will use proceeds to retire outstanding preferred stock

Registration Statement No. 2-4717. Form A-2. (3-29-41)

McDONNELL AIRCRAFT CORP.

McDonnell Aircraft Corp. registered with SEC 6,453⅛ shares 6% Non-Cumulative Convertible Preferred Stock, $100 par, and 129,063⅓ shares common stock, $1 par

Address — Lambert-St. Louis Municipal Airport, Robertson, Mo.

Business—Engaged in designing and developing aircraft and of manufacturing and selling parts for aircraft; expects presently to engage in business of manufacturing, testing and selling aircraft

Underwriting—None. Securities to be offered by company

Offering—Of the shares registered, the 6,453⅛ shares of preferred and 64,531⅔ shares of common, will be offered to public in units each unit consisting of one share of preferred and 10 shares of common stock, at price of $140 per unit. Remaining 64,531⅔ shares common reserved for issuance on conversion of the preferred

Proceeds for working capital, purchase of tools, machinery and equipment.

Registration Statement No. 2-4844. Form A-1. (9-17-41)

Effective—4:45 P.M., E.S.T., on Oct. 8, 1941 as of 4:45 P.M., E.S.T., Oct 6, 1941.

MIDWEST TOOL & MANUFACTURING CO.

Midwest Tool & Manufacturing Co. registered with SEC 50,000 shares common stock, $1 par.

Address—Detroit, Mich.

Business—Manufacturer of precision cutting tools, etc.

Underwriter—Keane & Co.

Offering—The 50,000 shares will be offered to the public at $2 per share. Of the shares registered, 27,125 shares are to be offered for the account of the company, and the remaining 22,875 shares (already issued and outstanding) will be offered for the account of two selling stockholders.

Proceeds to company from sale of the 27,125 shares will be used for payment of outstanding bank loans, final installment on sales contract, and the balance for working capital.

Registration Statement No. 2-4886. Form S-2 (New form) (11-13-41 Cleveland).

Amendment filed Nov. 28, 1941, to defer effective date

NORTHERN NATURAL GAS CO.

Northern Natural Gas Co. registered 710,500 shares of common stock, $20 par

Address — Aquila Court Bldg., Omaha, Nebraska

Business—Production and transmission of natural gas

Underwriter—Blyth & Co., and others to be named by amendment

Offering—Stock will be publicly offered at price to be filed by amendment

Proceeds—All proceeds will be received by selling stockholders, United Light & Railways Co., and North American Light and Power Co.

Registration Statement No. 2-4741. Form A-2. (4-21-41)

Northern Natural Gas Co. filed an amendment to its registration statement of shares of its $20 par value common stock proposed to be offered to the public has been reduced from 710,500 shares to 355,250 shares. According to the amendment, such 355,250 shares are those that

are presently owned, and outstanding by North American Light & Power Co. and are to be offered to public for the account of American Light & Power Co

The 355,250 additional shares orginally registered with the SEC on April 21, 1941 for public offering, and withdrawn from registration were subsequently registered and became effective. These shares constituted the stock outstanding and owned by United Light & Railways Co., a subsidiary of United Light & Power Co.

PACIFIC TELEPHONE & TELEGRAPH CO.

Pacific Telephone & Telegraph Co. registered with the SEC 656,250 shares of common stock, $100 par value.

Address—140 New Montgomery St., San Francisco, Calif.

Business—Company and its subsidiaries provide telephone service in about 650 exchanges in California, Nevada, Oregon, Washington and northern Idaho, including San Francisco, Oakland, Berkeley, Sacramento, Portland, Seattle, Spokane, Tacome, Los Angeles, San Diego and Pasadena. Company is controlled by American Telephone & Telegraph Co.

Underwriters—No underwriters named in registration statement.

Offering—The 656,250 shares common stock will first be offered by company to its stockholders of record Dec. 1, 1941, through warrants at a price of $100 per share. The warrants will expire on Dec. 31, 1941. The unsubscribed portion of such shares will later be offered to the public, at not less than $100 per share. Further details as to the offering will be supplied by amendment.

Proceeds will be used to repay advances from the parent company, and any excess is to be used for plant extensions, additions and improvements, and for working capital.

Registration Statement No. 2-4879. Form A2. (11-6-41-San Francisco)

PANAMA COCA-COLA BOTTLING CO.

Panama Coca-Cola Bottling Co. registered with the SEC 33,750 shares common stock $1 par

Address—19-A Avenue Jose Francisco de la Ossa, Panama, R. de P.

Business—Engaged in business of bottling Coca-Cola and other carbonated beverages and in manufacture of ice-cream and ice, all of which are sold wholesale in the Republic of Panama and in the Canal Zone

Underwriters—Elder & Co., New York, is the sole underwriter

Offering—The shares will be offered to the public at $12.50 per share; underwriting commission is $2.50 per share

Proceeds—Will be used to increase the company's working capital

Registration Statement No. 2-4870. Form S-2 (New Form) (10-29-41)

Effective 3 p. m. E.S.T. on Nov. 25, 1941

PIERCE BUTLER RADIATOR CORP.

Pierce Butler Radiator Corp. has registered with SEC 120,000 shares 5% cumulative convertible preferred stock, $2.50 par value; and 120,000 shares of $1 par common stock, latter reserved for conversion upon issuance of the preferred

Address—701 Nichols Ave., Syracuse, N. Y.

Business—Engaged in manufacture and sale of heating boilers and radiators, steam heating and high pressure boilers, Unaflow engines, radiator valves, boiler gauges and thermometers

Underwriters—None

Offering—The preferred stock will be offered for subscription to stockholders, at par. Unsubscribed portion will be purchased by Max Kalter, director of company, on behalf of a syndicate which he represents. Subscription price is $2.50 per share

Proceeds will be used for payment of certain outstanding bank loans and notes

Registration Statement No. 2-4865. Form A1. (10-23-41)

SOUTHEASTERN INDIANA POWER CO

Southeastern Indiana Power Co. registered with SEC 2,000 shares 6% cumulative preferred stock, $100 par

Address—Rushville, Ind.

Business—A public utility company engaged in transmitting, distributing and selling electricity in southeastern Indiana

Offering — The preferred stock will be offered to public at a price to be supplied by amendment

Underwriter—Central Republic Co., Inc.

Proceeds—From sale of the 2,000 shares preferred stock, together with aggregate of $1,152,280 to be received by company from sale of other securities ($650,000 4% first mortgage bonds to an insurance company, $350,000 Serial Guaranteed Debentures to a bank and an insurance company, and 12,500 shares $10 par common stock) are to be applied by company to acquire all the outstanding capital stock and funded indebtedness of Hoosier Public Utility Co. and for other corporate purposes

Registration Statement No. 2-4830. Form A-2 (9-6-41)

Withdrawal—Registration statement withdrawn Nov. 28, 1941

TEXAMERICA OIL CORP.

Texamerica Oil Corp. registered with SEC 119,891 shares common stock, $2 par.

Address — Milam Bldg., San Antonio, Tex.

Business—Engaged in production and marketing of crude oil, acquire mineral leasehold interests in producing or proven oil properties in Texas, drilling of oil wells thereon, acquire royalty interests in proven and developed oil properties.

Underwriter—Willard York Co., San Antonio, Tex., has agreed to purchase 44,750 shares at $1.75 per share and 74,157 shares at $2, from company.

Offering—116,907 shares to be offered to public at $2.375 per share; remaining 984 shares registered constitute shares issued July 1, 1941, by company, as dividends.

Proceeds—Will be used to pay outstanding mortgage indebtedness ($200,000), and remaining $26,626 will be added to working capital

Registration Statement No. 2-4824 Form A-1. (8-27-41)

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share. Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2. (3-30-40)

Amendment filed Nov. 25, 1941, to defer effective date

UNITED FUNDS, INC.

United Funds, Inc., registered with SEC 300,000 shares of United Income Fund Shares; and $8,000,000 principal amount of Stock Purchase Agreements covering periodic payments toward the purchase of United Accumulative Fund Shares previously registered

Address—1420 Walnut St., Philadelphia, Pa. (executive office); Kansas City, Mo (home office)

Business—Investment trust.

Underwriter—United Funds Management, Corp.

Offering—The 300,000 shares of United Income Funds Shares, will be offered to public at the prevailing market price

Proceeds for investment purposes

Registration Statement No. 2-4877. Form A1. (11-5-41)

UNITED WHOLESALE DRUGGISTS OF PITTSBURGH, INC.

United Wholesale Druggists of Pittsburgh, Inc., registered with the SEC 4,000 shares no par common stock

Address—6543 Penn Ave., Pittsburgh, Pa.

Business—Incorporated in Delaware on April 28, 1941, to engage in business of selling drug store merchandise

Underwriting—None

Offering—The 4,000 shares of common stock will be sold by the company direct to (exclusively) retail druggists, at $50 per share

Proceeds—Will be used for purchase of equipment, and for working capital

Registration Statement No. 2-4818 Form A-2. (8-22-41)

Effective—Oct 7, 1941 at 11 A. M., E.S.T.

(This List is Incomplete This Week)

Van Ingen Opens Miami Branch Under R. Cook

Announcement of the opening of a branch office in the Alfred I. du Pont Building, Miami, Florida, under the management of Robert H. Cook is made by B. J. Van Ingen & Co. Inc., New York municipal bond firm, 57 William Street, New York City. Mr. Cook, President of Robert H. Cook, Inc., a Miami municipal bond firm, has been elected a Vice President of B. J. Van Ingen & Co. Inc. and is affiliating himself and his staff with the Van Ingen firm. In addition to Mr. Cook, F. Boice Miller, E. C. Hodge and R. E. Watson are becoming associated with B. J. Van Ingen & Co., Inc. in the new branch.

Both B. J. Van Ingen & Co., Inc. and Robert H. Cook, Inc. have been closely identified with Florida municipal financing for a number of years.

Gude, Winmill Adds Anrews, Bell, et al

Following the dissolution of Jas. B. Colgate & Co., the New York Stock Exchange firm of Gude, Winmill & Co., 1 Wall Street, New York City, has announced that Howard E. Andrews and James C. Bell, former Colgate partners, together with George A. Conner and Charles H. Kohler of the Colgate staff, will be associated with their firm.

The branch office formerly maintained by Jas. B. Colgate & Co. at 17 East 42nd Street will be continued by Gude, Winmill & Co. and the personnel of this office will remain unchanged under the management of W. Dale Sutton.

Write For Booklet

A most attractive booklet containing complete outlines of 30 corporations local to the Pacific Northwest, entitled "Pacific Northwest Securities" has been compiled by Grande & Co., Inc., Hoge Building, Seattle, Wash. Copies of the booklet, which is bound in a red leather cover with a ring binder for handy reference, may be had for the asking from Grande & Co., Inc.

On Road To Recovery

PORTLAND, ORE.—George F. Patten, Manager of the trading department of E. M. Adams & Co., American Bank Building, was rushed to the Good Samaritan Hospital, 2266 N. W. Marshall St., recently for an appendectomy. He is doing nicely and is on the road to recovery.

Our Reporter On "Governments"

There's no doubt about it—the weight of billion-dollar financings every few weeks is bearing heavily upon the Government market these days. . . . This week, a billion and a half-dollar deal. . . . Next month, another billion-dollar operation, which is disturbing even though it's for refunding purposes only. . . . And day-to-day releases on the costs of defense financing leave no room for question as to the prospects for borrowing in 1942. . . .

Out of this huge financing pattern of the U. S. Government, two points are beginning to show clear outlines. . . . They're of vital interest, too, and so, we list them. . . . Leaving the details to a later date or to the imagination of the institutional or individual involved. . . .

(1) The Treasury has a definite plan for dividing its financings among insurance companies, banks, individuals. Each class of investors is to be offered a different type of security as the months roll on. Each is to be restricted to buying a type of obligation believed most suited not only to the needs of the investor but to the inflation-control program of Government authorities . . .

(2) There is less insistence on record-low interest rates in the nation's capital today than at any time in recent years. . . . Already, "unofficial sanction" has been given to minor increases in short-term money rates. And it may be taken for granted that the nation's monetary authorities recognize the close connection between rising short-term money rates and rising long-term money rates. . . .

More about the emergence of these two points in a major pattern of public financing will be written in the coming months, as the points become more and more apparent to all investors. . . . In the meantime, it may be wise for all holders of Governments to consider their portfolio policies in the light of these developments. . . .

The Refunding Outlook

Considering the size of the new money borrowing, it was wise of Secretary Morgenthau to postpone the refunding of the 1¾s to next month. . . . Especially since the delay will extend over only a few weeks. . . .

That refunding calendar is filling up rapidly, by the way. . . . And the Treasury's decision to shift its guaranteed debt to the direct debt—to reveal to all the true size of the national debt, in other words—means that we'll be witnessing an even faster rise in the debt than would be the case were Morgenthau only listing the additional cash borrowings. . . .

Here's what the refunding total will include in January, assuming the market holds up fairly well and present plans go through:

$426,000,000 1¾% notes due Mar. 15; $310,000,000 RFC ⅞% notes, due Jan. 15; $103,000,000 FFMC 2¾s due Mar. 1, 47/42; $236,000,000 FFMC 3s due Jan. 15, 47/42.

That means a $1,075,000,000 refunding in one operation. . . . And that suggests this deal too probably will take the form of long-term securities. . . .

And it means, incidentally, that more than $600,000,000 of indirect debt will be transferred to the direct debt column, making the total national debt look even larger to the casual observer. . . .

Inside The Market

Many professional traders now swinging to the bearish side of the market, saying general price level of long-terms is too high in view of foreign conditions, domestic policy outlook. . . .

Some short selling going on and increase in this sort of activity is looked for. . . .

Definite indications from Washington that both Morgenthau and Reserve Board Chairman Eccles believe commercial banks should not be encouraged to buy more long-terms. . . . Instead, they should be restricted to intermediate securities and long-terms should be placed with insurance companies and savings banks. . . .

On other side of the picture is Metropolitan Life Insurance Company's change in base rate to 2¾%. . . . Indicating this company, at least, has given up hope of getting bonds at higher yields than exist at present and is arranging its affairs to fit in with this belief. . . . Several savings banks throughout the country also cutting interest payment rates at the end of this quarter, suggesting similar opinions. . . .

New Treasury 2½s of 1972/67 not so well absorbed even now. . . . Stories around indicating selling by individuals and commercial banks, buying of securities at lower levels by insurance companies. . . . Another realignment of position in the market. . . .

New York commercial banks not nearly as important a factor in the market since last boost in bank reserve requirements, cutting their buying power fairly severely. . . . May come back in a few months, but at the moment, the insurance companies are the more powerful influence. . . .

War loan deposit method of paying for Treasury bills—now permitted by Treasury Department—is being widely used, particularly by banks outside of New York City. . . . New York City banks using it less than other institutions. . . .

To the middle of November, leading life insurance companies had purchased more than $1,000,000,000 of U. S. Government bonds, against $983,000,000 of Governments purchased in same 1940 period. . . . Until a few weeks ago, 1941's purchases were running behind last year's, suggesting in another way how active insurance companies have been since sale of the long-term 2½s. . . .

The Size of the Debt

With all the talk about the current issue and with the forecasts of huge-borrowings-to-come, the question arises as to how big will the U. S. debt become?

"At least $100,000,000,000 within a few years," says one expert on the subject. . . .

"At least $125,000,000,000 if the war continues through 1943," says another. . . .

Not one anticipates a debt of less than this figure. . . . Not one dares compare the $25,000,000,000 debt America had at the end of the first World War or the debt the U. S. had at the beginning of the Roosevelt Administration with the forecasts for 1942 and 1943. . . . The comparison is too startling, too disturbing. . . .

And yet,—and here is the important point—there is less fear today of the Government's ability to carry its debt and to repay it than there was a few years back. . . . At least there is little comment about this angle among informed observers. . . .

Perhaps "resignation" to the future is the reason. . . . Or perhaps, the trend of the national income is mitigating apprehensions. . . . Anyway, here is an intriguing sidelight of the present public financing situation. . . .

Some Angles on the Financing

This week's deal is the last of the 1941 calendar year. . . .

It is the second major war-time financing of the Treasury, the first having been the $1,200,000,000 sale of 2½s. . . .

It marks a departure in Treasury policy, for, for the first time in years, Morgenthau is separating refundings and cash offerings—in order to solve the ticklish "right" problem. . . .

Final Edition **THURSDAY** **In 2 Sections – Section 2**

The COMMERCIAL & FINANCIAL CHRONICLE

(Reg. U. S. Pat. Office)

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On The Foreign Front

European Stock Markets

Sustained cheerfulness marked trading on the London Stock Exchange in recent sessions, but the Continental European markets were somewhat unsettled. A fair volume of business was done, it appears, and in some instances only the poor supply of stock keeps trading levels low. Buying of equities as a possible hedge against inflation remains everywhere in progress.

Indicative of the financial effects of the British war effort was an announcement yesterday by Sir Kingsley Wood, Chancellor of the Exchequer, that the fiduciary issue would be expanded by £50,000,000 to £780,000,000. This reflects the steady and rapid upward trend of currency in circulation in the United Kingdom. The Chancellor explained the necessity as due to hoarding, extensive use of cash rather than checks, and "other reasons."

War reports were regarded as generally encouraging in the London market, and stimulated buying of gilt-edged stocks. The Russian success at Rostov and the Libyan developments also aided the industrial section. Japanese bonds fluctuated sharply, on the varying reports of negotiations in Washington. South African gold stocks had a temporary sinking spell, when it was indicated that taxation increases are making unprofitable the operation of some high-cost mines.

Dealings on the Amsterdam Bourse were relatively quiet, with sharp gains of one session offset by similar losses in the next. The French, German and Italian markets were restrained, according to available reports, owing in part to war uncertainties.

Pacific War Or Peace

Preparations for war in the Pacific between Japan and the democratic Powers were pushed rapidly in recent days, while conferences continued in Washington in the effort to find a solution for the difficulties presented by Japanese aggression and the determination of President Roosevelt to halt the Tokio militarists. Secrecy marked most of the steps taken in this delicate game for high stakes, which tended all the more to emphasize each rumor relating to the problem.

Apart from the rumors, enough real facts emerged to indicate plainly that a desperate stage has been reached

(Continued on page 1334)

FROM WASHINGTON AHEAD OF THE NEWS

Many a business man, who although he went to college and learned all about the poetry, romances and art of history, nevertheless took up the prosaic career of business, of making it possible for other men to make a living—a man, in short, who figured that notwithstanding the so-called cultural influences, there had to be somebody to produce and sell in a civilized society—these men will undoubtedly greet with a wry face the week of Dec. 15 which Mr. Roosevelt has decreed to be "Bill of Rights Week." They will undoubtedly wonder if the "Bill of Rights" is an all applicable instrument or just something to apply to poets and men of words.

The idea for the "Bill of Rights Week" was Archibald MacLeish's MacLeish, the poet, now head of the Congressional Library, was recently moved by the President into a position which would give greater strength or carrying power to his message. Archie has a message along with his fellow intellectuals who predominate today in Washington. It is and to paraphrase him:

"Democracy, which we must defend at all costs, is not a way of trade, or business. Democracy is something inside a man. Democracy is the affirmation of man's highest aspirations."

I don't know anything more beautiful sounding than that. After hearing it, I asked him what is Fascism which he is viciously against and to defeat which he is prepared to go to any length.

"Fascism," he said, "is a negation of this."

You have there in Archie's exposition, the attitude of intellectually ridden Washington. These men will battle unto death for the preservation of words and the right to express them. They are contemptuous of men who are not in the word-purveying business, the men who, incidentally,

(Continued on page 1335)

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THE FINANCIAL SITUATION

The debate that has been proceeding in the halls of Congress, and for that matter more or less throughout the country, concerning price control legislation is a most remarkable one. It can scarcely be said that the rank and file of the public have given much evidence of great interest in the matter, but all those who like to think of themselves as leaders of public thought have been busy enough with the pros and cons. The Administration appears to have worked itself into a dither about "inflation," and it has become a habit in most circles where such things are discussed to predict a drastic, cruel rise in prices in the near future if "something is not done to prevent it." One suspects that the general public, grown weary with all this bickering and reconciled to all sorts and degrees of interferences on the part of the Government, has come to the conclusion that some sort of restrictive measure is "inevitable," and is accordingly disposed for the moment at least to leave the matter to the politicians whom it often mistakenly regards as "experts" of one sort or another.

But the Administration has characteristically, without any specific legislation on the subject, initiated a broad program of price control, and Congress, whose members must face the electorate next year, is more than half inclined to wonder whether it ought not to leave the situation in statu quo or, if legislative action is required, to question what it had better do. Senators and members of the House, who represent agricultural constituencies, know full well that any measure which gets in the way of rising farm prices will not prove good for their political health. Those who owe their positions to wage-earners get cold chills when the suggestion is made that action be taken to restrict wage increases. What the farmers think of wage control (as distinguished from anti-strike action) is not clear. Neither is the position of the wage-earner on the question of rising farm prices. These are subjects in which both groups had better be interested, but the fact remains that such interest is not at this time clearly manifest.

There are those who insist that we must have "over-all" control of all prices and all wages—and who express themselves with the self-assurance of those who proclaim (and

(Continued on page 1332)

Capitalism vs. New Dealism

***We hear on many sides that capitalism has failed. Capitalism has not failed. It is because it is being thwarted that our country suffers. What we need, what we must have, is a return to capitalism, a return to the days when men and money again march together in harmony not only for our future and that of free men everywhere, but for the more immediate problem of our defense effort.*—Emmet F. Connely, President of the I. B. A.**

Our readers will, we are certain, ask no proof of either the truth or the timeliness of these words.

But what of the success of New Deal substitutes for capitalism?

Let Mr. Connely again speak:

The United States certainly is not better off with a $60,000,000,000 national debt than it was when the national debt was a billion and a quarter dollars. It certainly is not better off when taxes consume so large a share of the income of all elements of our people that there is no surplus left over the cost of living for investment in the growth of our economy.

It certainly is not better off when industry expands not on the investment of the people's savings but on loans made by agencies of the Government. It certainly is not better off when men fear the consequences of the changes which they were led to believe were inevitable. Whatever progress has been made since the last war is being destroyed by this war, by national debt, by the increased burden of taxation and by the rise in the power of central government.

The fact is that the spiral of debt and taxes is forcing upon the American Government the necessity for considering a capital levy which will be inevitable.

The speaker expresses confidence that the American people are now awakening to the truths while there is yet time to save the day.

All thoughtful men must ardently hope that he is correct.

Oct. Farm Cash Income 33% Above Year Ago

The Department of Agriculture, in its November issue of "The Farm Income Situation," reports that cash income from farm marketings and Government payments in October, totaling $1,496,000,000, was 33% higher than the $1,126,000,000 received in October, 1940, and was up slightly more than seasonally from the $1,326,000,000 estimated for September. Income from all groups of farm products continued to total substantially higher than a year earlier, with returns from wheat, soybeans and truck crops recording the greatest percentage increases. Because of unfavorable threshing conditions in many areas in the Great Plains, wheat is moving to market later than usual this year and considerable quantities were sold or placed under loan during October. Truck crop production this fall is slightly smaller than a year earlier, but prices are sharply higher and income in October was nearly 50% higher than in October last year. Government payments increased from September to October but continued lower than a year earlier. Payments in October totaled $43,000,000 compared with $78,000,000 in October last year and $28,000,000 in September. The report goes to say:

For the first 10 months of 1941 cash income and Government payments totaled $9,186,000,000 compared with $7,315,000,000 in the corresponding period of 1940. Income from farm marketings, totaling $8,752,000,000, was 31% higher than a year earlier. Income from all the major groups of farm products so far in 1941 has totaled more than in the same period of 1940 but the greatest increases have been in returns from cotton and cottonseed, meat animals, and poultry and eggs. Government payments so far in 1941 have totaled only $434,000,000 compared with $617,000,000 from January to October last year.

After adjustment for the usual seasonal variations, cash income from farm marketings in October amounted to 112.5% of the 1924-29 average compared with 110.0 in September and 80.5 in October last year. Income from nearly all groups of farm products was slightly higher in October than in September if the usual seasonal changes are taken into account, but much greater than seasonal increases in income were recorded for soybeans, peanuts, and several of the fruit crops which were just beginning to move to market in volume in October.

Since the cotton and tobacco crops have moved to market somewhat earlier than usual, and a large part of the near-record wheat crop has been marketed or placed under loan, it is quite probable that income from crops will decline more than seasonally from the peak reached in October. The trend of income from livestock will depend to some extent upon the volume of livestock which is sold from the far Western States and the proportion of the spring pig crop which will be held over into the next calendar year to be fed to heavier weights. Present indications, however, are that returns from livestock and livestock products may make about the usual seasonal changes from their present levels. These prospective returns from marketings, together with some further increase in Government payments in prospect, indicate that the total cash farm income for the year will be at least equal to the $11,200,000,000 forecast in last month's "Income Situation."

Editorial—

Capital Gains Taxation

Changes in Federal taxation procedure on the broadest possible scale now are in formulation, chiefly with the aim of adding tremendously to the revenues flowing into the Treasury. Sensible reforms are in the background, but it is, nevertheless, a highly appropriate suggestion that the Federal Taxation Committee of the Investment Bankers Association made last week in the form of a report to the appropriate Senate and House Committees. This concerns the so-called capital gains tax.

Briefly, the proposal submitted by Harcourt Amory, of Boston, as Chairman of the IBA committee, is for modification of the egregious and troublesome capital gains levy in a manner that will tend to unfreeze capital. As now constituted, after many changes in the income tax laws and schedules, the capital gains tax modifies sharply the volume of transactions in stocks and bonds. The incidental effect, never intended, is to penalize all American securities markets and those engaged in the securities business.

The late Comptroller of New York State, Morris S. Tremaine, put the case against the capital gains tax some years ago with his usual perspicacity. "People won't move their investments because they won't pay the heavy taxes," he remarked. "They get pig-headed about it and you can't blame them." In many respects, as Mr. Tremaine often pointed out, the capital gains levy is defeatist, since it halts business activities from which tax revenues otherwise would flow.

Repeal or drastic modification of the capital gains tax, as Mr. Tremaine pointed out, would increase immediately and sharply the stock transfer and similar taxes applicable to the securities business, and would add even more decidedly to the tax revenues flowing from those engaged in this business. The sharpest betterment of all would result from the general improvement of business, if the capital gains tax fetters upon enterprise and initiative were removed, he maintained.

Since the views of Mr. Tremaine were those of a public-spirited official of the highest type this country ever has produced, it is most suitable to recall his penetrating analyses of the capital gains tax. Any charge that investment bankers merely are seeking to further their own interests for selfish motives alone must fall to the ground, in the light of the able and disinterested championship of this cause by the late Comptroller.

What the bankers now suggest is a modification of the Federal tax on capital gains, in a manner that would make it more nearly approximate to the British system. The English tax structure disregards capital gains and losses, unless they are due to concentration by the individuals concerned upon trading in securities. British securities markets thus were left unfettered, and it is a commonplace that in the long run the British Treasury suffered no tax losses under its system.

The effect of our own system, as the exceptionally able report of the Investment Bankers' committee points out, is to freeze investments and prevent a free flow of capital. People of small means are handicapped under our laws to a greater degree than those of larger means, while the great American fortunes demonstrably pay little taxation derived from capital gains. The Government necessarily wins and the taxpayer necessarily loses under our system, and the tendency of taxpayers is to avoid transactions having such unfair effects.

As a partial and intermediary remedy for this unfairness and inequality, the committee report suggests segregation of capital gains and losses and, in the event of a gain, taxation of such gains at modest and rising rates, in accordance with amounts involved. In the event of capital losses, the report urges the carrying forward of such losses for several years, as offsets to capital gains of subsequent years. As in England, finally, capital gains of those who make speculation their business would be taxable as ordinary income is taxable.

Porto Alegre Bond Payment Arranged

Ladenburg, Thalmann & Co., New York, special agent, is notifying holders of City of Porto Alegre (United States of Brazil) 40-year 8% sinking fund gold bonds, external loan of 1921, that funds have been deposited with it, sufficient to make a payment, in lawful currency of the United States of America, of 13.325% of the face amount of the coupons due June 1, 1939, amounting to $5.53 for each $40 coupon and $2.66½ for each $20 coupon Pursuant to the provisions of the Presidential Decree of the United States of Brazil, such payment if accepted by the holders of the bonds and coupons, must be accepted in full payment of such coupons and of the claims for interest represented thereby.

No present provision, the notice states, has been made for the coupons due Dec. 1, 1931. to Dec. 1, 1933, inclusive, but they should be retained for future adjustment.

Editorial—

Variable Money—Elastic Obligations

It is a sorry situation when the chronic borrower possesses power to sabotage all the obligations that can be offered to his potential creditors and has impaired confidence in the integrity of his own promises to pay by open repudiation of an element in the definitive terms of his solemnly plighted faith. An elastic obligation is not genuinely obligatory within the limits of its elasticity and if the quality of its elasticity is substantially without limitation the quality of the obligation has been submerged and superseded until, at the will of the so-called obligor, it can be diminished to an approximate zero.

The Roosevelt Administration, although already the greatest borrowing administration in the history of the Federal government, began its dashing career of unequalled expenditure with the establishment of the principle that no obligation of the Government of the United States, measured in the money of the Constitution, however definite and explicit may be the terms in which the promise is made and the unit of obligation designated and described, can constitute a binding and enforceable requirement as against an Act of Congress effectively delegating to the President power to alter the statutory definition of the standard dollar. When that astonishing Administration began its amazing series of monetary improvisations the Federal debt was below $22,500,000,000 and the aggregate of money in circulation stood at about $5,700,000,000. The debt, or that principal portion of it which had been funded into long or short obligations, had been declared to be payable, both as to interest and principal, in gold dollars of 25.8 grains, troy weight, nine-tenths fine, and every dollar of the circulating medium was pledged to be redeemable in gold dollars of that standard weight and fineness at the pleasure of any holder.

After the first defeat of William Jennings Bryan, as candidate for the Presidency, the desirability of defining the monetary standard in statutory terms as permanent and definite as could be formulated, and of irretrievably pledging the Government to the gold standard, with dollars of the then existing weight and quality, was recognized by all politically and economically sane Americans, and Congress readily adopted, and President McKinley approved, the enactment of that standard in words as plain and unmistakable as the English language permits, to the end that there could be no subsequent deviation detrimental to any holder of bonds or currency without breach of the public faith and consequent national dishonor. In 1904, the first Presidential election after he became of voting age, Franklin Delano Roosevelt cast his ballot in favor of Republican electors but both the candidates, Theodore Roosevelt, for whom he voted and Alton Brooks Parker, the Democratic nominee whom he opposed, were completely and unequivocably pledged to support that settlement of the basic monetary controversy. Nevertheless, as soon as he attained power as President, he reduced the value of the gold dollar by diminishing its weight from 25.8 grains to 15 5/21 grains, thus in actual effect repudiating forty per cent of every outstanding Federal obligation to pay principal or interest on bonds or to redeem silver coins or paper currency.

What has been done once can be done again. The model for such an act of repudiation was formulated in White House and Treasury Department conferences, held very soon after March 4, 1932, and almost immediately enacted in the precise form in which it emanated from the Executive Department. As long as the Constitutional powers of Congress and the President, in that respect, remain as they were in 1933, and as they continue at this time, that model can be consulted in Title III of the Act of Congress of May 12, 1933, as amended by the Gold Reserve Act of 1934, and the Congressional Joint Resolution of June 5, 1933, in terms declaring invalid (which is to say, repudiating) all gold clauses in Federal bonds already issued and authorizing the payment of such bonds in ordinary legal tender, that is in dollars conforming to whatever standard might at the time of their maturity rest upon the authority of then applicable legislation. The authority to reduce the gold content of the standard dollar, delegated to the President, was originally limited to a period of two years, which expired in 1936, but there have been successive extensions, under the latest of which it still exists. There is also a continuing limitation which, without an amendment to the present law, would prevent any diminution of the troy weight of the legal gold dollar below 12.9 grains nine-tenths fine. Obviously, this restriction, which as long as it stands would prevent a further diminution of the intrinsic value of the theoretical standard in excess of 15.34 per cent of its present nominal value, is at all times subject to legislative alteration. But the all important fact of the present Federal credit condition is

that it is now impossible for the United States to issue any promise to pay that is not subject to subsequent modifications detrimental to its creditors, at the will of the present President or any of his successors prior to its maturity up to nearly one-sixth of its nominal gold value under existing law and at the pleasure of the present or any subsequent Congress, while it remains outstanding without any limitation whatsoever.

By the first clause of Section 10 of the first Article of the Constitution the several States are expressly denied power to "make anything but gold and silver coin a tender in payment of debts" or to adopt any "law impairing the obligation of contracts." That these fundamental prohibitions, which some among the most competent authorities upon the essential principles of free government have considered as being implicit in the very basis of every such government, were applied to the States and not also to the Federal government, unquestionably resulted from the fact that not one of the fifty-five immortals who framed the Constitution of 1787 ever conceived the idea that any authority over private contracts or the definition of legal tender could ever be claimed in behalf of the central Government created, for specific purposes and with only delegated powers, by the terms of that great instrument. But their prophetic vision took insufficient account of the centripetal forces that inevitably developed during the second half of the Nineteenth Century and have continued strongly operative throughout the elapsed portion of the Twentieth Century. The expedients of Civil War financing included recourse, probably unwise, to printing press money which Congress, to the public detriment, declared to be a legal tender for all private debts, and although the exceedingly doubtful authority to enforce its acceptance at par in satisfaction of contractual obligations between citizens was subsequently denied by Chief Justice Chase, who had previously favored the law as Secretary of the Treasury, and also by a majority of the Supreme Court, President Grant took advantage of opportunity to appoint two Associate Justices in order to pack the Court in favor of the fiat money a reversal of the first decision, achieved by the new majority, sustained the disputed power.

As the validity of the 1933 and 1934 legislation, and the subsequent dollar devaluation by the present President, were upheld by the Supreme Court before it was reconstituted by the substitution of New Dealers for seven Justices who were in office when President Roosevelt was first inaugurated, it would be quite ridiculous to suggest that additional action, by the President under existing law, or by Congress in the adoption of further legislation of the same sort, would not be sanctioned and effective as long as the Constitution remains unaltered. Doubtless the only way in which the stability of the standard dollar, and with it the full integrity of any promise to pay contained in any Government bond or note or in the paper currency of the country, would be by the adoption of an amendment to the Federal constitution fixing the metallic content of the standard dollar or, short of that, one providing some constitutional mechanism for the enforcement of any such promise in complete accordance with its terms upon the petition, or suit, of any lawful holder. The repudiation of 1933 has surrounded all subsequent promises by the Government with a dark cloud of doubt and uncertainty which cannot be dispelled by any action that might be defeated by another statutory and executive repudiation of the same character.

The acknowledged public debt of the United States, the Federal debt, stood at $54,830,983,420, at the close of business on Nov. 26, the latest date for which data are available at this writing. Add $7,000,000,000 as the minimum allowance for contingent obligations considered certain to become actual arising out of Federal guarantees of the debts of sundry agencies of the national Government, and the total becomes $61,830,983,420. The acknowledged indebtedness is $10,578,573,570 above that of one year ago and it would be strange indeed if, with the indicated increases in expenditures, the end of the present fiscal year should not see a further accumulation of around $15,000,000,000 of Federal debt, raising the total, acknowledged and contingent, to something like $76,000,000,000.

This vast and rising accumulation of public indebtedness must be financed. It ought to be financed without compulsion other than the innate compulsion of patriotic feeling and determination, and there is no sort of compulsion within the power of any government, however reckless might become its determination to extract the last possible penny that tyranny could wring from reluctant possessors, which could possibly finance any important fraction of the imminent aggregate or be put into operation without detriment to the general morale and sterilizing consequences within the economic organism upon which efficiency in peace or in war must always depend. The alternative reposes in the persuasions of widely aroused patriotism, and effective persuasions within that category are not compatible with suspicion of the permanently definitive quality of the promises which the Government is willing to offer in exchange for the capital funds of those whom it desires shall become generously and increasingly its creditors. In other words, a government that wishes to absorb an enormous proportion of the available investment funds of its free citizens must inspire them not merely with a spirit of self-denial and sacrifice but with a sense of reciprocal relationship with the government which promises to pay interest and to repay the principal. Such a relationship, when effective, imposes upon the promisor, as a minimum requirement, that all its commitments must be firm, final, and definite, and that they must plainly be intended to be performed in rigorous conformity with their terms. Such terms, of course, must not, and cannot, include any reservation of power to alter them at will or even under any claimed compulsion of unanticipated circumstances. Whoever, from patriotic motives, devotes his savings to the purchase of war or defense bonds is at least warranted in asking to receive an unalterable, promise of repayment in something definite and intrinsic in its real value.

There has just been issued from the Treasury Department, under a Washington date line and the date of Nov. 19, 1941, a typical circular appeal to possible investors of moderate savings. It contains admirably phrased appeals to public spirit and patriotic emotions, and, in addition, the following:

> "Have you started buying Defense Savings Bonds yet?
>
> "If not, I feel sure you will welcome this opportunity to make a rock-solid investment. . . .
>
> "Defense Savings Bonds are direct obligations of the United States Government backed by the full faith and credit of the Government for payment of both principal and interest. From the standpoint of safety, and interest return, they are attractive to large and small investors alike. . . .
>
> ". . . All the while, your money will be safe. It will be available if you need it. . . ."

The truth of the foregoing, so far as the truth can be conveyed while part of the material truth is withheld, is not challenged. But it is not complete. To be made complete there would have to be added something like the following: "Prospective purchasers are warned that the Government reserves the sovereign power to alter, at any time, and to any extent that it may determine, and in its unreviewable discretion, the monetary unit in which all its obligations, both as to interest and principal, are defined and made payable." That such a reservation constitutionally and legally qualifies every promise to pay which can now be issued from the Treasury Department, whether to provide funds for the national defense or for any other purpose, must now be known to every well-advised citizen who possesses even the smallest aggregate available for investment. Yet it is as understandable that there might be official hesitation in adding it to circulars of solicitation as that if the fact which it represents should be satisfactorily corrected the enthusiasm of potential buyers of all classes of Federal obligations would immediately be much enlarged. The Federal securities now issuable in exchange for needed funds are nothing but pieces of paper promising to deliver other pieces of paper at sundry future dates, as interest and for the repayment of principal. But all these pieces of paper are issued in dollar denominations and not one of them contains any definition of the dollars that are intended and promised. Nor do these paper promises in any way fix or indicate the content or character of the later paper probably to be used for their redemption.

The Constitution empowers Congress "to coin money" and "to regulate the value thereof" and does not deny to it the power to adopt statutes "impairing the obligation of contracts" or to "make anything but gold and silver coin" a legal tender. The Supreme Court has held, and undoubtedly will for some time continue to hold, that these provisions constitute an effective reservation of authority, without any expressed or clearly implied limitation, to change the standard dollar and, with it, to alter against the interest of the lenders all kinds of Federal promises to pay. No thoroughly sound basis of public credit can exist under such a state of the controlling public law. If such law does not visibly affect the condition of the public credit under one set of circumstances and conditions or upon one particular date, it must continue so long as it exists, as an underlying and potentially far-reaching factor, certain in the long run to emerge as a determinant of vital and destructive importance. And in the hour of such emergence, it will probably be forever too late to apply the simple corrective of certain and unalterable definition that could even now be applied without the slightest derangement of any desirable condition, with immeasurable enlargement of the public credit, and vastly to the benefit of the entire economy and the whole citizenship of the United States.

Leadership in the direction of this immediately vital change in the basis of the Federal currency and credit cannot be expected to develop within the Administration that unnecessarily and wantonly began with debt repudiation

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President Endorses Christmas Seal Drive

A message from President Roosevelt endorsing the 35th annual Christmas Seal Campaign of the National Tuberculosis Association was made public in New York City on Nov. 24 by the Association as it opened its 1941 drive. In his letter the President had the following to say:

> With the approach of the Christmas season my mind turns to one of our most valuable and far-reaching traditions, the Christmas Seal, which supports the fight against tuberculosis.
>
> For 35 years the appearance of the small tuberculosis seal on the flood of holiday mail has proved that we Americans are sincerely trying to protect our own against an insidious, communicable disease.
>
> We have full confidence in the Christmas Seal, a confidence deeply rooted in the victories which have been won over the disease. But the fight against tuberculosis is not yet won. We must continue to give our full support to the National Tuberculosis Association and its 1,700 affiliated organizations throughout the country. We must help overcome a disease that still kills more persons between the ages of 15 and 45 than any other cause of death.
>
> The anti-tuberculosis campaign has long been a vital part of the foundation of the structure of our country because health is the first requisite of a nation as well as of an individual. This year, above all years, we must, and I am sure we will, faithfully observe one of our oldest, most worthy American customs . . . giving health to ourselves and to others through Christmas Seals.

Lend-Lease Aid Passes $1,000,000,000 Mark

Edward R. Stettinius, Jr., Lend-Lease Administrator, announced on Nov. 23 that total aid under the lend-lease program has passed the $1,000,000,000 mark. Actual lend-lease aid to Great Britain, China and other countries resisting aggression aggregated $919,000,000 from March to the end of October, but increases in November have raised the total above the $1,000,000,000 mark, Mr. Stettinius indicated. He also said that contracts have been let for more than 75% of the $7,000,000,000 appropriated for the program last March and that the funds under the new $6,000,000,000 appropriation are being allocated rapidly.

The announcement by Mr. Stettinius read as follows:

> 1. Total lend-lease aid has passed the $1,000,000,000 mark.
>
> 2. At the end of October the amount of aid was approximately $919,000,000. Increases since then have brought the figure to more than $1,000,000,000.
>
> 3. The steady increase in lend-lease aid is shown by the following monthly amounts in millions of dollars: March, 18; April, 40; May, 60; June, 85; July, 134; August, 150; September, 207; October, 225.
>
> Total to Oct. 31, 1941, $919,000,000.
>
> 4. Actual contracts have been let for more than 75% of the first $7,000,000,000 lend-lease bill and 100% of the funds therein have been allocated.
>
> 5. The new $6,000,000,000 appropriation is being allocated rapidly.
>
> 6. Since the beginning of the war our exports to the British, including the lend-lease aid, have amounted to approximately $5,250,000,000, most of which was financed by the British with their own dollars. In October, exports to the British were the largest of any one month since the war began.

THE FINANCIAL SITUATION

(Continued from First Page)

probably with truth) that they have no axe to grind, are not interested in "politics," and speak only for the good of the country as a whole. Their statements are for the most part ex cathedra, or nearly so, their argument concerning itself for the most part with the obvious truth that any system which undertakes to control half of the prices and leaves the other half free is foredoomed to failure. Relatively few there are who have the hardihood in existing circumstances to take an open position against any system which undertakes to fix prices or a price ceiling generally, and those few are often probably motivated largely by a well-warranted distrust of the Administration, which appears to insist that it be given almost carte blanche to fix prices and to do what it pleases to make its control effective—if it can. The net result is a confused and often heated bedlam of unenlightening debate upon a subject not well understood by any of the debaters.

The most remarkable feature of these proceedings is the fact that they occur at all. They could arise, we are certain, only out of a background of New Deal philosophy, and the public, we are equally confident, would find many of the ideas now passing muster strange, not to say incredible, were it not for the experience of the past eight years. Precisely what is this all about, anyway? What is feared is an upward spiraling of prices. That, and that alone, appears to be what is popularly meant by the term "inflation," and that is what the authorities of Washington appear to have in mind when they use the word. But why should prices behave in any such way? They have already risen, are still rising, and, in the circumstances actually existing and promised for the future, may well rise even more drastically "unless something effective is done" to prevent it.

But why? The answer is very simple. It lies patent upon the face of things. First, the Government has reduced, is reducing, and promises still further and much more drastically to reduce the supply of ordinary goods the prices of which are the cause of so much disturbance. Where production is not drastically reduced, as in the case of farm products, other ways are found, including shipment of huge quantities abroad under lease-lend or similar arrangements, and plain hoarding (not for the purpose of safeguarding supply but to win the favor of the farmers) to reduce the supplies available for domestic consumption. Second, this same Government in the process of its armament and aid programs is placing vast additional sums of money in the pockets of those who normally purchase and consume the bulk of these products whose supply is being drastically shortened. It is taking in taxes (to finance the defense effort) but a small portion of this increment of income. It is taking virtually none of it directly. Tax plans for the future suggest no change in this policy. Defense borrowing is done in such a way that the funds obtained come for the most part from otherwise idle money, or investment sources, or else are created by the banks for the purpose. Thus we find current policies shortening supply and at the same time artificially enlarging effective demand for good.

Before we undertake to "contain" these forces in steel bands of rigid control, would it not be wise to inquire whether they need be brought into being at all with any such paralyzing power? It would certainly appear to be the part of wisdom, and if we do inquire into the subject it at once becomes clear that the answer is in the negative. First, let us consider the matter of supply. The entire armament effort is now surrounded with secrecy—a secrecy carried to absurd lengths, so it seems to us—but detailed figures are scarcely required to convince the thoughtful man that something is badly awry in all this current talk of "shortages." It seems perfectly evident to us that we have been and still are laying plans for the production of armament in amounts far greater than can be brought into being within the next year or two, and that funds have been correspondingly appropriated. Unless all indications are incredibly deceptive, what is happening is that those who are managing this program are accumulating supplies with an eye single to these grandiose plans and without regard to what is at all likely actually to be used in the calculably near future—and perhaps adding a substantial percentage to be on the safe side.

How could the facts be otherwise? Whence have come the fabricating facilities to convert all these vast quantities of steel, chemicals, and hundreds of other materials into planes, ships, tanks, guns, and the other paraphernalia of war? Whence has come the supply of skilled labor to do this exceedingly exacting work? How can there be large amounts of "priorities" unemployment in such centers as Detroit if these vast supplies of materials are being converted into the instruments of war? Are fewer men required to fabricate a ton of steel into tank parts than for the fabrication of the same quantity of steel into automobiles? The contrary is, of course, the fact. The conclusion appears inescapable that the Government is hoarding, needlessly hoarding, materials and thus inexcusably curtailing civilian supplies. Indeed, the thoughtful man must be excused for suspecting at times that some part of this curtailment may arise from the considerations said to have led to the Ickes gasoline shortage fiasco—a desire to impress upon the American people the necessity of sacrifice and to arouse in them the "proper" war spirit. It sometimes appears that certain of our public officials and our popular leaders regard it as little short of criminal that we do not needlessly deny ourselves more merely because unfortunate peoples abroad are so horribly denied the ordinary comforts not to say the necessities of life.

The first thing to be done, therefore, to prevent this threatened spiraling of prices is everything possible to keep the flow of civilian goods at a maximum consistent with full prosecution of the defense program. In the long run it will prove to be an as harmful in such circumstances unnecessarily to curtail civilian supply as to curtail armament for the sake of wasteful consumption on the part of the public. The second step is about equally obvious. It is to finance these war preparations so far as it is humanly possible to do so with funds which otherwise would swell the volume of demand for civilian goods. In doing so, it is essential that we put away all thoughts about taking away from the "poor man" his relatively small gain in income resulting from armament production. If it is not taken away from him either in taxes or in loans higher prices will absorb it or he will otherwise be deprived of it as a result of dislocations in industry and trade certain sooner or later to arise—and let no one suppose that "over-all price control" or any other sort of price control will prevent it.

An armament effort such as we are now engaged in, or a war effort such as the Government appears to be headed for, would if perfectly managed and flawlessly financed give rise to no inflationary tendencies at all since whatever restriction was necessary in the production of civilian goods would be offset by tax or other contributions to finance the defense efforts. It is, of course, useless, however, to ask for better bread than can be made of wheat. But is it asking too much to insist that as far as may be this defense program be managed and financed in such a way as to reduce its so-called inflationary influence to a minimum? Obviously that should be done before we even begin talking about price control.

But, ask many realists, if the Government simply will not get at the roots of the difficulty, had we not better undertake price control than do nothing at all? We are far from certain of it. If, as the politicians apparently are convinced, the American people are not willing to be taxed properly as a means of avoiding spiraling prices, they are not very likely to give hearty cooperation in the enforcement of price control. Nor do we feel wholly certain that the politicians will not find it expedient presently to permit a civilian supply substantially larger than apparently is now contemplated. Of one thing we feel certain. If civilian supply is to be as drastically restricted as is now predicted, and nothing effective is done to take away a substantial part of the enlarged incomes of vast masses of our population, price control, however devised or administered, will not hold the forces engendered in check very long. Obviously such a system would be foredoomed to utter failure and fiasco if wages and farm products are for all practical purposes exempt.

The price control debate should get down to earth.

Defense Financing and Inflation Control Discussed at Tax Institute Meeting

Economists and government officials considered defense financing as a means of controlling inflation at a symposium on "National Defense and Taxation" held by the Tax Institute of the University of Pennsylvania, Dec. 1 and 2 in Philadelphia. Enactment of heavier income taxes to be collected at the source, sale of defense bonds to individuals instead of to banking and investment houses, and increased social security taxes were all possibilities for defense financing suggested.

Charles C. Abbott, Harvard University professor told the Tax Institute symposium on Dec. 1 that Federal borrowing should be spread as far as possible to individuals. At least five or even ten billions in bonds should be sold directly to small investors, he said.

"Even though the sale of bonds on such a scale would present a tremendous, merchandising problem, such a wide-spread sale would have fewer deleterious effects on the economic structure than is possible under any other method so far made public," Professor Abbott told the symposium.

Speaking for the gross income tax both as a means of defense financing and inflation control, Harley L. Lutz, professor of public finance at Princeton University, advocated the repeal of the 1941 Federal Revenue Act and enactment of a new defense income tax which he described as a "withholding tax," a form of income tax deductible at the source. This tax should have a basic rate of 10% of the gross income, Professor Lutz said.

"A reversion to the 1940 tax rates would involve a tacit admission that retroactive taxation of income is a thoroughly vicious and unjust practice. Since that is what the new law is, no harm can be done to have the Congress recognize a fact already apparent to every taxpayer," Professor Lutz said.

Speaking for forced loans by individuals to the government and increased social security taxes as means of controlling inflation, Albert Gailord Hart of Iowa State College advocated a utilization of a number of different measures during the emergency. Price control alone cannot prevent inflation, he pointed out. "Consumers who have money burning their pockets have an obvious mutual interest with their dealers to go above official prices in order to get delivery," Professor Hart stated.

"Combining price-control, consumer rationing, enforced loans to the government, and increased taxes, would probably make the problem more manageable." In weighing the advantages of enforced savings or loans against increased taxes, Professor Hart ponted to the advantages of the savings plan making the individual wealthier and to some extent more liquid which in turn reduces the incentives to save and to hold cash assets.

OPM Tightens Control Of Magnesium And Chlorine

The Office of Production Management has tightened its control of magnesium by ordering that all available stocks of magnesium and magnesium products not being used for defense production be reported to the OPM and be held subject to allocation. Donald M. Nelson, Director of Priorities, will direct the disposition of the metal. Complete allocation of all supplies of magnesium on a monthly basis is also provided for in the order. Magnesium has been under priorities control since last March. The OPM explained that the major reason for the order was that magnesium stocks existed in the country in various forms and that these must be located and acquired for defense uses.

The OPM Priorities Director recently ordered manufacturers of pulp, paper and paperboard to reduce their consumption of chlorine by 60,000 tons annually, which will result in decreasing the "brightness" of almost all grades of paper. The action was held necessary because national defense requirements have created a shortage of chlorine, which is used for making smokeless powder, gases and smoke-screen materials. Chlorine, which has been under full priority control since the end of July, is also used not only to bleach paper but to make drycleaning materials, anti-freeze compounds and premium gasoline.

Corn Loan Repayments

The Department of Agriculture reported on Dec. 1 that 88,723 loans made by Commodity Credit Corporation, representing 93,863,795 bushels of 1940 corn and 1938-1939 resealed corn, were repaid from Jan. 1, 1941, through Nov. 22, 1941. The Department added:

> Repayments were made on 56,393,971 bushels pledged under loan in 1938-1939 and resealed under farm storage, and on 37,469,824 bushels of 1940 corn. There remained outstanding a total of 183,508 loans on 208,406,125 bushels, of which 143,813,477 bushels were resealed from 1938 and 1939 crops and 64,592,648 bushels were from the 1940 crop.

1941 Wheat Loans

The Department of Agriculture reported on Dec. 1 that through Nov. 22, 1941, Commodity Credit Corporation made 474,456 loans on 319,779,259 bushels of 1941 wheat in the amount of $315,350,764. The wheat under loan includes 94,774,913 bushels stored on farms and 225,004,346 bushels stored in public warehouses. Loans to the same date last year had been made on 258,171,590 bushels.

The State Of Trade

Business activity showed a marked drop during the holiday week of Nov. 22. Bituminous coal output registered a sharper contraction than usual due to the strike in captive mines. Production of electricity showed a noticeable drop due largely to the Thanksgiving holiday. Carloadings showed a decline exceeding normal seasonal expectations. There was some encouragement in the report of Dun & Bradstreet, which placed the week's retail sales at 14 to 18 per cent above a year ago. There was a rise in automobile output for this week but this represented a re-establishment of the pre-holiday levels and not a change in the general trend.

As retail trade continued to show percentage gains over last year, the Department of Commerce predicted that retail trade during the forthcoming Christmas shopping season might run some 20 per cent ahead of last year.

Department store sales in this area last week, according to the Federal Reserve Bank, were 3 per cent above last year for the country as a whole. In the New York Federal Reserve District trade was 3 per cent ahead of the same week last year.

Largely as a result of a severe decline in coal loadings plus the Thanksgiving Day holiday, freight traffic of the nation's railroads dropped to 799,386 cars in the week ended Nov. 22, the Association of American Railroads revealed. This represented a decrease of 84,453 cars, or 9.6 per cent from the previous week, a decline which was estimated to have exceeded the normal seasonal expectations.

Although the margin of improvement over last year narrowed abruptly, there was still a gain of 65,898 cars, or 9 per cent, compared with the 1940 level. The gain over the corresponding week in 1939 amounted to 126,273 cars, or 18.8 per cent, the report showed.

Largely as a result of the Thanksgiving holiday, production of electricity in the week ended Nov. 22 dropped to the lowest point since the week ended Sept. 6, which contained Labor Day. Output for the latest period was 3,205,034,000 kilowatt hours, compared with 3,304,464,000 in the preceding week, the Edison Electric Institute announced. Production in the latest week was 12.9 per cent above the 2,839,421,000 generated in the like 1940 week.

Engineering construction awards for the week, $110,331,000; are well above the $64,100,000 reported for the short preceding week, and 24 per cent higher than in the corresponding 1940 week, according to "Engineering News-Record."

Public construction, up 49 per cent compared with a year ago, is responsible for the increase, as private awards declined 21% from the 1940 week's volume. Federal work tops last year by 169 per cent, but State and municipal construction is 62 per cent lower.

The prompt resumption of plants after the captive mine strike last week kept steel production from declining more severely. The approximate reduction was half a point to 95 per cent of capacity, with a higher rate expected for this week, the magazine "Steel" states. Approximately 21,000 tons of steel ingots were irrevocably lost during the strike, it is estimated. The lack of steel and iron scrap during 1942, following the record-breaking demand of 1941, will be even more severe, the magazine points out.

The threatened nation-wide railway strike set for Dec. 7, has been averted, it was announced today by Wayne L. Morse, Chairman of President Roosevelt's special fact finding board.

The settlement came after 35 hours of almost continuous sessions of the board with representatives of rail management and labor locked in disagreement on wage raises for 1,250,000 workers.

Strikes have probably done more to restrict expansion of industrial output than the problems raised by priorities and materials allocations, the December "Business Review" of the National City Bank states. One of the major causes for this, the "Review" adds, is probably the fact that the country is lacking in a consistent labor policy.

"In contrast with the situation here in the last war and the present situation in Great Britain and Canada, the United States has had no consistent policy in dealing with labor problems during the emergency, unless it has been a policy of having no policy," the publication comments.

"Probably no other single factor has contributed more to the undermining of confidence, the discouragement of enterprise, and the persistent unemployment with its heavy toll of continuing relief expenditure and mounting Federal debt," the magazine states.

Can. Bank Of Commerce Assets Are Near Record

The annual statement of The Canadian Bank of Commerce for the financial year ending Oct. 31 shows total assets of $761,407,978, being $56,927,525 more than a year ago and the second highest total in the Bank's history, exceeded only in the year of 1929. Regarding the figures, it is pointed out:

Total quick assets amounted to $427,432,070, an increase of $31,499,131, representing 60.20% of total liabilities to the public. Cash and bank balances, including deposits with the Bank of Canada, amounted to $119,206,627 or slightly more than a year ago. Total holdings of securities at $287,900,866 show an increase of $29,662,782, being largely accounted for by increased holdings of Dominion and Provincial Government bonds. Canadian municipal securities rose by $763,700 to $9,424,829 and public securities other than Canadian by $8,002,668 to $28,945,912, while other types of securities fell by $6,542,716 to $12,816,524. Call loans in Canada were down by $1,321,358 to $8,445,204, while those abroad rose by $3,067,920 to $11,027,373.

It is also noted that the level of current loans in Canada is the highest in a decade. These loans totaled $249,126,821, an increase over 1940 of $29,179,435. Those outside Canada rose by $1,133,278 to $18,344,464. It is further stated:

Among other items on the assets side of the balance sheet are bank premises at $13,946,617 other real estate at $2,326,154, mortgages at $1,000,811.

On the liabilities side there was a rise of $41,514,520 in non-interest bearing deposits by the public, which stood at $252,067,982, indicating the greater activity of business in general. Interest-bearing deposits, which totaled $351,428,956 are up $2,824,234. Dominion Government deposits and balances amounted to $37,961,853, an increase of $9,195,269 and those of Provincial Governments at $16,270,992 show a decrease of $1,056,738. There was an increase of $400,228 in deposits of banks outside Canada, which stood at $9,280,648. Reflecting more active business, letters of credit outstanding rose by $5,123,648 to $25,966,261. The Bank's note circulation fell by $1,361,682 to $15,799,116, as this is being replaced to a greater extent than formerly by Bank of Canada notes, the Bank Act now requiring a reduction in the issue of the chartered banks of 10% each year.

Net profit for the year, after deduction of taxes and full provision for bad and doubtful debts, amounted to $3,013,152, compared with $3,006,035 a year ago. These net profits, together with the balance of $785,005 carried forward from the previous year, provided an amount of $3,798,157 from which were appropriated $2,400,000 for four quarterly dividends, $253,994 transferred to the staff Pension Fund and $350,000 written off bank premises, leaving a balance of $794,162 to be carried forward to next year.

VARIABLE MONEY — ELASTIC OBLIGATIONS

(Continued from page 1331)

amounting to two-fifths of all outstanding bonds and currency, nor within any Congress that has conceded to executive pressure further extension of statutory power to manipulate and maneuver with the people's money, a power originally based upon constructions of the Constitution which, although at this time no doubt final, would undoubtedly have surprised and shocked any of the country's statesmen from the Founding Fathers to the last days of Grover Cleveland or Woodrow Wilson. Yet leadership is available and can make itself fully effective. There is light and learning among the people, among investors and officers of the banks and insurance companies, wherever purchasers of securities are represented by the great institutional fiduciaries. In such quarters the insecurity and impaired value of Federal obligations that lack anything in permanence of definition is thoroughly understood, regretted, and recognized as ominously threatening. Convinced and determined leadership from such sources is never disregarded among an intelligent people or by the legislative representatives of an aroused and determined democracy. Time and opportunity are now united but they may pass away never to be recovered except as the outcome of disaster to the public credit and welfare which, at this moment, is still avoidable. To re-establish a constitutional dollar, in the sense that Thomas Jefferson and Andrew Jackson believed such a dollar to exist, stands high among the requisites of public safety while this Nation stands, as it probably does, upon the verge of much more complete participation in the greatest war in all history and in the one war of all those which it has been compelled to support, in which the threat against its prosperity and progress most dangerously impends.

Says Attitude of U. S. Firms Toward Latin America Is Threat to Future Trade

Warren Lee Pierson, President of the Export-Import Bank of Washington, declared on Dec. 2 that the reluctance on the part of United States manufacturers and bankers to do business with Latin America in accordance with peace-time practices carries with it a serious threat for our future trade throughout the hemisphere. Speaking before the 28th annual bankers forum dinner of the New York Chapter, American Institute of Banking, Mr. Pierson said this situation is specifically illustrated by the current unwillingness of some important manufacturers to agree to the usual export arrangement which provides for payment against shipping documents. He went on to state:

Whether this attitude of United States firms which are well-financed and normally large exporters is as smart as it might be may be open to argument. But, in any event the Export-Import Bank and other Governmental agencies interested in our relations with Latin America have studied this problem and, in an effort to relieve the situation, the bank has only recently written to the central banks of the other American Republics offering to establish lines of credit for approved foreign banks, under the terms of which the Export-Import Bank will accept the responsibility for making payment on behalf of the foreign banks against certificates of delivery in the United States; and for arranging the shipment of goods to the port of destination of the foreign buyer.

For a variety of well-known reasons, the foreign trade of all countries is increasingly becoming the concern of governments. This development, I wish to assure you, is not to our liking. Accordingly, we spare no effort to keep our transactions within the sphere of private enterprise.

To the extent that they are willing to participate, we want the commercial banks as out-and-out partners. Our experience in this direction leaves something to be desired but we continue to hope that private institutions will come along with us, especially on loans maturing within three to five years.

In those cases which seem outside of commercial banking we still want to avail ourselves of the facilities of the banks not only for handling documents, for opening letters of credit, for handling routine correspondence and similar assistance—but the actual use of their funds, under our responsibility. At the present time the private banks have outstanding well over $50,000,000 as our agents, and this quite considerable sum will soon be substantially increased.

While it is proper that the Congress and the various administrative agencies of our Government should take an active part in improving economic relations with the other countries of the hemisphere, the real work under our system must be done by private individuals and firms.

If I were to make a single recommendation to American manufacturers in the export field, it would be that they each call together their directors and other brass hats and really determine an export policy. It seems to me that a company should either be in the export field seriously or get out definitely, and thus clear the way for those who want this kind of business.

Explaining the Export-Import Bank's transactions on Latin-American credits, Mr. Pierson said:

Since the bank was created we have approved commitments aggregating more than $558,000,000. Of this amount, approximately $172,000,000 have been canceled or expired without being used. This leaves $386,000,000 of actual disbursements and active commitments—of which about $90,000,000 have been repaid. Or in other words, as of this day, we have loans or active undisbursed commitments in Latin America of around $300,000,000.

I am happy to be in position to say that of all our dealings with the governments and banks of Latin America, we have not had a single item in default. When one takes into consideration that these operations have occurred during a period of international financial ferment, the record of the Good Neighbor countries is tops! I like to think of the bank as a financial test tube, and that the experiments which it conducts will sooner or later rebound to the benefit of the whole foreign banking fraternity.

Another speaker at the forum dinner was Henry W. Koeneke, President of the American Bankers Association, who urged the bank officers to cooperate with the American Institute of Banking, saying it "is the best insurance for continuing intelligent personnel in the banks."

Other guests of honor were Eugene C. Donovan, President of the New York State Bankers Association, and Henry W. Bruere, President of the Savings Banks Association of the State of New York. W. Randolph Burgess, Vice-Chairman of the Board, The National City Bank of New York, presided at the dinner.

OPA On Used Steel Drums, Scrap To West Coast

Price Administrator Leon Henderson on Nov. 24 issued a schedule of ceiling prices for second-hand steel drums, which will bring prices considerably under those previously prevailing. The OPA schedule fixes a maximum delivered price of reconditioned standard steel drums of 55-gallon capacity at $2.25 each. This compares with recent prices in Eastern markets of $3.50 to $4.50, the OPA says, adding that new containers could be bought for $2.72 each.

Administrator Henderson also on Nov. 24 amended the iron and steel scrap price schedule in a move planned to stimulate the flow of scrap to steel mills and foundries in and near San Francisco and Los Angeles. The OPA increased by $2.50 a ton the maximum basing-point prices at these cities for grades of scrap usually used in open-hearth furnaces. A shipping-point price of $12 a gross ton for No. 2 heavy melting steel scrap may be paid in California wherever the present maximum is below that figure. Under another scrap schedule amendment, Oregon is added to the nine States defined as "remote scrap areas," with respect to steel-making grades of scrap only. This allows steel mills and foundries to pay a maximum shipping point price of at least $12 a gross ton for No. 2 heavy melting scrap in Oregon and to absorb, up to $5 a ton, transportation costs to bring the scrap to their plants. It will thus be possible for steel plants to reach into Oregon for additional supplies.

Foreign Front

(Continued from First Page)

in the negotiations being conducted by President Roosevelt and Secretary of State Cordell Hull with the Japanese envoys, Kichisaburo Nomura and Saburo Kurusu. Mr. Roosevelt abandoned a brief holiday in Georgia to rush back to the Capital, Sunday, for consultations and discussions. War measures of various sorts were advanced, and tension increased to such a degree that shooting seemed about to begin at any moment.

American marines completed their departure from Shanghai, late last week, and several gunboats of the United States Yangtze patrol sailed for Manila. Urgent advices again were given Americans in occupied China to leave immediately, while British authorities took similar steps with respect to their own nationals. American forces in Manila were readied for conflict. British troops in Singapore found their leaves canceled, and additional forces were landed in Malaya. On Tuesday, finally, an impressive fleet of British naval units steamed past Singapore, with the 35,000-ton battleship Prince of Wales leading the squadron. All British merchant ships were ordered to quit their China runs and repair to Hongkong or other friendly ports.

The Japanese, on their side, prepared for moves of aggression in new spheres. All indications pointed to a Japanese thrust against Thailand, and by way of that country against the Burma Road supply route into the interior of China, which remains defiant under the leadership of Generalissimo Chiang Kai-shek. Some 70 Japanese transports were reported last Saturday on the way to French Indo-China, with many thousands of fresh troops. The Burma Road was bombed by Japanese aviators, possibly in accordance with the "softening up" theories of the totalitarian commanders. Nervousness and gloom prevailed both in Tokio and Washington, and British authorities were said to be patiently endeavoring to avert war.

The course of the negotiations, meanwhile, remained almost entirely a matter of official secrecy. Possibilities of war were discussed by Washington press representatives in a manner to indicate that Congress, far from being consulted, is not even thought of in the present crisis. Hardly a reference was made in dispatches to the fact that only Congress has the power to declare war, and not a single Administration spokesman paid so much as lipservice to this Constitutional requirement.

Congress, like the people in the United States and Japan, remained uniformed as to major portions of the critical negotiations on war or peace. Secretary Hull late last week was said to have handed the Japanese envoys a note or memorandum containing American proposals for adjustment of the difficulties. The next move then was said to be up to Tokio. Premier Hideki Tojo possibly supplied the answer last Saturday, when he declared that Occidental "exploitation" of Asiatic peoples must be "purged with a vengeance."

Immediately after his return to Washington, early on Monday, Mr. Roosevelt conferred at length with the two Japanese spokesmen. This meeting was followed by long discussions between the President and Admiral Stark, Chief of Naval Operations. Secretary Hull and his assistant, Sumner Welles, also were closeted with Mr. Roosevelt, and on Tuesday it was indicated that the Japanese had been asked squarely to explain their heavy troop concentrations in Indo-China. At his press conference, on that day, the President said that a satisfactory Japanese answer is essential to successful conclusion of negotiations between the two Governments.

The Governments of Britain, China and the Netherlands East Indies were kept informed of the Washington conversations. Together with the United States, these Governments form the so-called ABCD Powers, all of which were said in Washington to be ready for any eventualities. Japan's lack of oil, the significance of the Burma Road, the partial encirclement of the Philippines and many other matters bearing on the Far East were discussed endlessly in Washington. All that was lacking was definite information on the vitally important Japanese-American negotiations.

American War Moves

Deeply preoccupied with Far Eastern affairs, President Roosevelt and his assistants have made relatively little information available in recent days regarding military activities of the United States with respect to the European conflict. There are, however, ample signs of developments similar to those which already have involved the country fully in a naval war with Germany, and presumably with Italy. Also in evidence are changes on the various fronts which possibly will affect Washington.

In two important spheres the Axis nations appear to be meeting reverses. On the Libyan front, where American war supplies are available to the British Empire forces in abundance, the Germans and Italians are said to be fighting a losing battle. The Russians, on the extreme south of their long line, have driven the Nazis back from Rostov. It is at least possible that these incidents mark a turning point in the war, of a nature permitting American aid to fall short of an expeditionary force.

The naval war in which the United States now is engaged is being conducted with extreme secrecy, but there is no reason to believe that it is lacking in incidents. Rumors of all sorts are in circulation regarding alleged encounters of American naval vessels with Axis submarines. Gun installations on American merchant ships were started, last week, and convoying has been in progress for some time. Secretary of the Navy Frank Knox revealed a week ago tnat naval enlistments fell sharply after the sinking of the destroyer Reuben James and the torpedoing of the Kearny. He intimated that conscripts soon may be selected for naval service.

To the degree that the wave of strikes will permit, every effort is being made to hasten the production for Britain, Russia and China of warplanes, tanks, munitions and ships. The problem of delivering the war supplies soon may outrank in importance the many difficulties of production. The War Department is reported to be working out plans for the ferrying to Britain and North Africa by our own Army pilots of bombing airplanes produced in this country. The capture by Axis forces of several American military observers in Libya, and the death in action of one American, suggests still other aspects of the American war effort.

Occupation by the forces of the United States of Dutch Guiana, or Surinam, was effected last Friday without incident, ostensibly for the protection of the important bauxite deposits of that American colony of the Netherlands. In taking this step, it is generally understood, Washington really intended to prepare for any moves the Axis might make toward Dakar and toward Latin-America. From her refuge in London, Wilhelmina last Friday broadcast a radio address expressing approval of the American measure by the Holland Government-in-Exile.

That the Administration remains much concerned about public sentiment and the many schisms that its war policy has produced was made plain last Saturday by President Roosevelt, in the form of a letter to Senator Guy M. Gillette, of Iowa. Expressing appreciation for an announced intention by the Senator to support the Administration, hereafter, Mr. Roosevelt maintained that questions of national policy are being decided in "our democratic way." The President denied any lack of unity, after decisions are taken.

"That there is debate, or that there are statements of conflicting opinion prior to the decision, should not be taken by persons abroad as an indication of lack of cohesion among our people, though that mistake is sometimes made," Mr. Roosevelt wrote. "While there have been expressions of different views in regard to our foreign policy, I have always felt that those differences were of degree but not of principle." Confidence was expressed by the President that the differences concerned only the questions of method, time and place involved in the defense of America.

Campaign in Libya

Now in its third week, the great battle between British Empire forces and Axis units in Libya remains undecided, although London dispatches breathe confidence as to the outcome. The superiority in men and equipment which Prime Minister Churchill announced just two week ago appears to be maintained. But the German and Italian battalions under General Erwin Rommel continue to display remarkable resourcefulness, and London now admits that victory in this North African theater may be delayed some days or weeks.

The importance of this conflict cannot be exaggerated, since Britain admittedly devoted five months of intensive effort for mere preparation. The realization is said to prevail among the Empire forces that Britain canont afford to meet a rebuff. Unfortunately, a "victory" was advertised prematurely in London, and the entire question thus has become delicate in the extreme.

Claims and counter-claims leave the precise military situation in Libya somewhat in doubt. British forces captured a few thousands of German and Italian effectives. But Rome and Berlin were able to count up more than 5,000 British prisoners by the end of last week, and additions were made thereafter. The Italian High Command, moreover, supplied a few interesting details, such as the fact that two American military observers had been captured, along with a number of British and American press correspondents. Among the latter were Harold Denny, of the New York "Times," and Godfrey Anderson, of the Associated Press.

A major success was reported by London authorities last Thursday, when mechanized units from Egypt joined forces with others driving south from the beleagured city of Tobruk. This "trapped" the Germans and Italians on the Libyan-Egptian border, where fierce fighting was in progress. But heavy tank battles thereafter developed around Rezegh, south of Tobruk, and the Axis forces admittedly broke through the British cordon, early this week. In the meantime, British units pushed through the desert all the way to the Gulf of Sidra.

Aerial superiority was maintained steadily by British fliers in the Libyan battle, according to London dispatches. It was conceded, however, that important aerial reinforcements were rushed to the front by the Germans from Crete and the European mainland. The British Fleet joined the attack on Axis forces and apparently suffered some casualties. The Australian sloop Parramatta sank with a loss of 141 men, London announced Tuesday. Rome claimed the sinking of a British cruiser and damage to other ships. London countered, Tuesday, with the announcement that the Italian destroyer Alvise da Mosto, 1,628 tons, had been sunk in naval action, along with several Italian tankers and supply ships.

Italian authorities announced on Tuesday the discovery of a vast plot against the Fascists, which may have a bearing upon the war. Terroristic attacks over the last few years, which included an attempt upon the life of Premier Mussolini, were revealed. Sabotage of the Italian war effort was included, and a "foreign Power" was held responsible. Sixty persons were arrested and are about to be tried before a special tribunal, Rome reported.

German Reverse in Russia

Wintry weather on the vast front from Leningrad to the Black Sea has failed to immobilize the opposing forces in the war which the Nazis forced upon the Communists. It appears, indeed, that the Germans finally have suffered a serious reverse in the conflict. Although Leningrad remains besieged and Moscow still is threatened, the tide of battle has turned in the Donets Basin, where the Germans were reported in full flight.

Rostov, on the Don, which the Germans took two weeks ago, was recaptured by Russian forces last Sunday. Berlin admitted the retreat from Rostov, but claimed that it was due to "illegal" fighting by the civilian population. The fact appears to be, in London opinion, that the Nazis diverted great numbers of their troops to the Moscow area, and thus left the southern flank of their armies with relatively little protection. The Russians seized this opportunity and at last accounts were still pursuing the Germans along the shore of the Sea of Azov.

Russian claims, which are not especially noted for accuracy, are that four German divisions were destroyed in this encounter, and four additional Nazi divisions cut up. The German forces were being pushed past Taganrog toward Mariupol, according to the Russian spokesmen. Berlin scoffed at the Russian claims, and insisted that the withdrawal was at least partially strategic. Vastly superior numbers of Russians attacked recklessly, according to Berlin, and fell in terrible aggregates before the Nazi guns.

On the central front, the Germans pushed their frantic effort to take Moscow, but still are quite a few miles from that goal. South of the capital, and east of Tula, the Germans drove a deep wedge late last week. North of Moscow the attackers took the town of Klin. The German forces, however, still are only disposed in a semi-circle around Moscow, which maintains free communications eastward. Only at Volokolamsk, Russian authorities claimed, was the German push against the Moscow defenders serious this week.

Far to the north, where deep winter reigns, the siege of Leningrad continued, and apparently will continue for some time to come. The Russians attempted on a number of occasions to break the siege, by crossing the frozen Neva River. But the German invaders held the Communists in check, while trying to close the gap on the shore of Lake Ladoga through which Leningrad obviously is receiving some supplies. The fighting was bitter on all fronts.

British Home Front

Something resembling a lull plainly has developed in the battle being fought in Western Europe by British and German forces, and the interval is being utilized by both sides for re-examination of the situation. Adverse weather conditions are the sole and sufficient reason for the lag in fighting. Wintry gales and a rain-soaked atmosphere are not conducive to the aerial and sea battles which reflect the high war spirit on both sides.

Whenever the weather permitted, action was reported on a considerable scale, in the last few days. British airmen swept over German centers and the invasion coast in particularly heavy formations, Monday, and devastated sections of Hamburg and Bremen. Sizable raids also were reported on other days. The Germans retaliated by sporadic bombings of British towns. Both sides suffered considerable losses, it appears. Since the Nazis are occupied heavily in Russia, the assumption is warranted that the British raids were more effective.

German submarine attacks on British and Allied shipping were unusually modest, and this again suggests that bad weather prevailed over much of the European and Atlantic region. The Germans reported the sinking, late last week, of a British cruiser of the Dragon class, of 4,850 tons, but London had nothing to say beyond an assertion that the Dragon, herself, was not attacked. Announcement was made in London on Tuesday, however, that the Australian cruiser Sydney, 6,830 tons, apparently had gone down with all of her complement of 645 men, after sinking the German merchant raider Steiermark, 9,400 tons. The fight between the cruiser and the armed German merchant vessel occurred in the far Pacific, and few details were available. The British Admiralty reported the sinking of another German raider in the South Atlantic, Monday. Several Axis convoys were attacked in the North Sea and off the Norwegian coast, London said, with four ships sunk on one occasion and eight sent to the bottom on another.

Important in themselves, these incidents nevertheless are modest when viewed against the background of the entire European war. The German propaganda authorities took occasion, Monday, to warn their Nazi followers that the war will be long and that the Reich never would recover from a defeat. In Great Britain the question still was effective utilization of the national energy for the war effort, and debates were almost entirely along that line.

Prime Minister Winston Churchill presented to the House of Commons, Tuesday, a new proposal for the conscription of manpower and woman power in England on a broad scale. Charges of a lag in British production thus were answered by Mr. Churchill, who asked further sacrifices and exertions, although the major problems of creating war production capacity already are solved or nearly so. Threats of invasion and of fresh air raids made the wider conscription basis advisable, the Prime Minister indicated.

That confidence in the Churchill regime remains unimpaired was made evident a week ago, when a test resulted in a vote of 326 to 2 in favor of the Cabinet. The debate on that occasion ranged over a wide field and involved also the financial relations of Great Britain and the United States. Statements were made by extremists of the Independent Labor Party that the Churchill-

Roosevelt Atlantic charter is "one of the grossest pieces of deceit of modern times," and that America desires to reestablish in Europe the "old financial system of Wall Street." Foreign Secretary Anthony Eden countered such charges with the assertion that "under the lend-lease arrangements there is no accounting and no debt piling up." British authorities explained later, according to London dispatches, that a return for American aid is, of course, due to be made eventually.

Ethiopian Battle

To all intents and purposes, military action between British and Italian forces in Ethiopia ended last Friday, when the sizeable garrison of Gondar surrendered to the British troops who had besieged the town for more than seven months. Contrasting with the usual British assertions of Italian military actions, London admitted that the defense of this outpost was gallant. Rome conceded the loss of the citadel without delay, and indicated that desperate assaults by British Empire troops left no alternative.

The episode ended, not too ingloriously, the Italian venture in Empire building in East Africa. Warfare in Libya, in Russia and in Western Europe overshadowed the close of the Ethiopian campaign. But the British eclipse of Italian forces in that part of Africa well may loom as a highly significant occurrence of the current conflict, when the final results are assayed. Scarcely mentioned in these times, when British actions are regarded as almost above reproach, is the possibility that the diversion of forces to the Ethiopian sideshow seriously prejudiced British efforts in more important spheres. The solid fact remains that an important victory was achieved by Britain in East Africa.

It is not yet clear whether Prime Minister Winston Churchill, who embodies most of the British Empire traditions, intends to add Ethiopia to the vast area under British rule and dominance. Such an eventuality would be far from surprising. In extenuation, Mr. Churchill could well advance the argument that the Ethiopians are not yet educated to the point of self-rule, for the simple fact is that they are not so advanced. The ruling and subject classes in Ethiopia are almost certain to break into violent strife, if a firm foreign hand is lacking, and British forces alone now are able to apply the necessary firm controls.

Franco-German Collaboration

French aspects of collaboration between the French regime at Vichy headed by Marshal Petain and the German conquerors of Continental Europe were surveyed, Monday, in a protracted conference between Petain and the German aerial leader, Hermann Goering. Other than a statement that "acts, not words," hereafter will guide the Franco-German collaborationists, little information was made available regarding this meeting. It was generally understood, at first, that Hitler would meet Petain at this conference, but the German dictator doubtless was deeply engaged elsewhere.

The Petain-Goering conference nevertheless remains a matter of profound concern, since it may well have involved use by the Nazis of aerial bases and ports in Equatorial Africa. To charges in London that the Nazis already are using various French African possessions for their military moves, the Petain regime replied with the usual denials. Vichy dispatches state that the "New Europe" was discussed at the meeting, which took place within the occupied zone.

Whatever the French intentions may be, in the dire circumstances that confront them, the fact is that Vichy failed to attach its signature to the Anti-Communist pact signed in Berlin last week by thirteen nations. It is undeniable, on the other hand, that the Germans now have persuaded a large part of Europe to join the crusade against Russia. Meanwhile, the peoples of Serbia continue their activities against the invaders, and from many other parts of Europe reports indicate a like spirit of independence and resentment against the Nazis.

From Washington

(Continued from First Page)

make possible their making a living out of spouting off at the mouth.

Some day, I presume, there will be a reckoning. The farmers and the business men will rise up and say, in effect:

"We have been making it possible for you word manufacturers to make a living for a long time. But we are now tired of supporting you."

Notwithstanding that I, myself, make a living out of words, it will be a great day.

In this celebration of "Bill of Rights Week" you will have those who only a short time ago were given to such remarks as these:

"What is the Bill of Rights if you can't eat it?"

"What is the Bill of Rights to the unemployed?"

"What is the Bill of Rights to the ill-fed, ill-housed and ill-clothed?"

Among those who uttered these phrases and who will be prominent in the celebration of the "Bill of Rights Week" will be Archie, Mrs. Roosevelt, the Little Flower, Fiorello La Guardia, Leon Henderson and, of course, Mr. Roosevelt, himself.

In spite of Archie MacLeish, who really means no harm and who always, thanks to "business," has managed to make a good living, if Democracy is not a "way of trade," a freedom of enterprise, a freedom of a man to do business unless he is unfair to his fellow business man, then what is it?

It was Stuart Chase, I believe, who gave the New Dealers a new meaning to words.

Donald Nelson, who has Presidential aspirations and whose ascendancy to power in Washington, was attended by considerable favorable publicity, is, in the opinion of observers, coming to the end of the road. Nelson has not straightened out anything in the OPM. The contentions, the inefficiency, the demoralization in that organization are still rampant.

The most prevalent impression among observers is that he has gotten his feet clean off the ground and half the time, has not the slightest idea what he is talking about. He goes around making speeches to the effect that "America must go all-out," "America must make sacrifices if she hopes to defeat Hitler," "40% of American industry must engage in defense," "America must spend three and a half billion dollars a year."

Washington is beginning to wonder who is giving the tongue - wagging, plodding Nelson these phrases, and America, according to the mail of Congressmen, is wondering what in the name of heavens he is talking about when he says that we must go "all-out," that we must "make sacrifices" and that "we must spend three and a half billion dollars a year."

On his point that 40% of American industry must "engage in the defense effort," he runs into Floyd Odlum who is trying to help "little business" and who is complaining that it is really surprising what a large percentage of American industry would like to engage in Donald's "all-out" effort if it could get the business.

Donald would like to give the impression, as he does in his speeches, that American industry is just not "alive" to the seriousness of the situation. And Odlum keeps insisting that the rank and file of American industry is most keenly "alive" to the situation; so alive to it, in fact, that it fully realizes that if it doesn't get some of the business—to get the subject on a lower plane from Nelson's harangue—it will be sunk.

Odlum and Nelson are not seeing eye to eye at all. Odlum, in spite of his reputation for gobbling up businesses, is really trying to do a good job in his Government task of saving "little business." He insists, in effect, that Nelson come down off his high plane of \$3,500,000,000 expenditures a month and "all-out," and support an orderly defense program by which the Army, the Navy and the Lend-Lease agencies would get what they need and then sufficient materials would be given to American non-defense industry to carry on.

Only a couple of days ago the so-called copper scandal began to come to a head. This is something Washington correspondents have been hearing about for two months. During all of the outcry about the shortage of copper, the fact remained that the Rural Electrification Administration, a Government agency set up to compete with the privately owned power companies because of the New Deal's war on them, has been hoarding copper. Congressman Winter of Kansas, has charged in the House that the REA is hoarding some 50,000 tons of copper and even such New Dealers as Congressman Lyndon B. Johnson of Texas, has appeared before the OPM protesting this situation.

In connection, too, with Nelson's theme that American industry should go in for "greater" defense output, is the fact that one of Washington's greatest rackets is that of men who are getting rich by selling clients that they can "get business" from the Government. So much has been written about this, about how Congress is getting ready to investigate the racket, that I'll just mention one particular turn it has taken.

Aside from those fellows in Washington who are "cashing in" any number of others have developed the business of selecting a Washington "name" and selling it to clients around the country. Take, for example, some hot shots out in the Middle West. They know or have reason to believe they can get defense contracts. But they have no firm or enterprise with which to carry them out. So they establish a promotion firm. They will make an arrangement with some Washington fellow, some fellow who gets around and knows Washington, arrange to cut him in on the business they get. Then they go around and sell to gullible business firms who are anxious to "go all out," the idea that they have a man in Washington who will get business for them. The man in Washington doesn't do a thing but permit the use of his name. The promoters come to town and do all that is necessary. But in order to justify their existence as "middlemen" they have to have the mysterious Washington name. Otherwise, the business man would realize that he could come to Washington and get the business himself. After all, there is a lot of "business" in Washington these days—some \$60 billion worth of it.

The concensus of observers on labor legislation goes up and down. As of this writing it is that some sort of legislation—harmless and ineffective—probably will be passed.

It is rather a commentary on Mr. Roosevelt that the feeling of observers is that he is up to some trick. He called a House delegation to the White House and very gravely told them that there had to be some legislation. He must have known, so the feeling of observers goes, that this general order would result in an outbreak of the rivalries on Capitol Hill as to what sort of legislation it would be. He refuses to say what kind of legislation he wants. The result is that there are at least three contentious forces in both House and Senate struggling to have their particular method adopted. Out of this confusion is the distinct possibility that whatever the House passes will be held up in the Senate, or that anything that is finally passed by both Houses will be harmless.

The one effective way to deal with the situation is embodied in the bill of Representative Smith of Virginia. One provision of his bill would be to prevent mass picketing. Why can't that be done? What justification is there for mass picketing except, not to persuade your fellow man not to work, but to forcibly prevent him from doing so?

Ed Stettinius has turned out to be one of the happiest men in the New Deal. With Harry Hopkins ill, he is pretty well running the lend-lease administration. He gets \$10,000 a year, and he is out of controversy.

National Banks

The following information is from the office of the Comptroller of the Currency, Treasury Department:

VOLUNTARY LIQUIDATION

Sept. 9, Union National Bank of Reading, Pa., \$1,000,000.

Effective at 12 o'clock noon Sept. 6, 1941.

Liquidating committee: Jere H. Barr, Harold M. Leinbach and Allyn C. Taylor, care of the liquidating bank.

Absorbed by Berks County Trust Co., Reading, Pa.

Sept. 29, The First National Bank of Gibson, Gibson City, Ill., \$50,000.

Effective Sept. 2, 1941.

Liquidating agent: F. A. Miler, Gibson City, Ill.

Absorbed by "The First National Bank of Piper City," Piper City, Ill., charter No. 5322, which bank subseqently changed its title and location to the "First National Bank in Gibson City," Gibson City, Ill.

Oct. 21, The First National Bank of Englewood, Chicago, Ill., \$200,000.

Effective, close of business on Oct. 14, 1941.

Liquidating agents: H. G. Johnson and A. H. Olsen, care of the liquidatng bank.

No absorbing or succeeding association.

Oct. 28, The Commercial National Bank of Chattanooga, Tenn., \$650,000; common stock, \$450,000; preferred stock (RFC), \$200,000.

Effective Oct. 27, 1941.

Liquidating committee: Z. C. Patten, E. H. Lawman and Edward Finlay, care of the liquidating bank.

Absorbed by American Trust and Banking Company, Chattanooga, Tenn.

Oct. 31, The First National Bank of Horton, Kan., \$50,000; common stock, \$42,000; preferred stock (RFC), \$8,000.

Effective Oct. 25, 1941.

Liquidating agent: H. W. Wilson, Horton, Kan.

Succeeded by Home State Bank, Horton, Kan.

Nov. 13, The National Metals Bank of Hancock, Mich., \$500,000.

Effective at the close of business on Nov. 8, 1941.

Liquidating agent: J. P. Thornton, care of the liquidating bank.

The liquidating bank will not be absorbed or succeeded by any other banking association but its branch located at Ironwood, Mich., was succeeded by the "National Metals Bank of Ironwood."

COMMON CAPITAL STOCK INCREASED

Sept. 22, The First National Bank of Jasper, Jasper, Mo. From \$34,000 to \$40,000.

Amont of increase, \$6,000.

Oct. 7, The First National Bank of Seguin, Seguin, Tex. From \$67,500 to \$100,000.

Amount of increase, \$32,500.

Oct. 14, The First National Bank of Mount Airy, Mount Airy, Md. From \$50,000 to \$60,000.

Amount of increase, \$10,000.

Oct. 14, The Fort Pierre National Bank, Fort Pierre, S. D. From \$20,000 to \$30,000.

Amount of increase, \$10,000.

Oct. 15, The Wolfeboro National Bank, Wolfeboro, N. H. From \$75,000 to \$105,000.

Amount of increase, \$30,000.

Oct. 16, Republic National Bank of Dallas, Dallas, Tex. From \$4,000,000 to \$5,000,000.

Amount of increase, \$1,000,000.

Oct. 21, First National Bank in Burkburnett, Burkburnett, Tex. From \$40,000 to \$50,000.

Amount of increase, \$10,000.

Oct. 28, The First National Bank of Pittsfield, Pittsfield, Me. From \$75,000 to \$100,000.

Amount of increase, \$25,000.

Nov. 10, National Bank of Commerce of Portland, Portland, Me. From \$400,000 to \$500,000.

Amount of increase, \$100,000.

Nov. 26, The Third National Bank and Trust Company of Dayton, Dayton, O. From \$500,000 to \$600,000.

Amount of increase, \$100,000.

COMMON CAPITAL STOCK REDUCED

Sept. 25, The First National Bank of Shelby, Shelby, N. C. From \$250,000 to \$150,000.

Amount of reduction, \$100,000.

Oct. 14, The Wolfeboro National Bank, Wolfeboro, N. H. From \$100,000 to \$75,000.

Amount of reduction \$25,000.

Nov. 3, The National Bank of Waterville, Waterville, N. Y. From \$100,000 to \$50,000.

Amount of reduction, \$50,000.

CHARTER ISSUED

Sept. 18, Florida National Bank at Belle Glade, Belle Glade, Fla., \$50,000.

Capital stock consists of \$50,000 all common stock.

President, L. A. Usina; Cashier, M. L. Campbell. Primary organization.

Oct. 25, Prichard National Bank, Prichard, Ala., \$100,000.

Capital consists of \$100,000 common stock.

President, E. B. Peebles; Cashier, John F. Lyle. Primary organization.

Nov. 7, National Metals Bank of Ironwood, Ironwood, Mich., \$100,000.

Capital consists of \$100,000 common stock.

President, W. G. Peterson; Cashier, Geo. S. Henry.

To succeed Ironwood, Michigan, Branch of The National Metals Bank of Hancock, Mich.

BRANCH AUTHORIZED

Sept. 29, Plattsburg National Bank & Trust Co., Plattsburg, N. Y.

Location of branch: Unincorporated village of Au Sable Forks, N. Y.

Nov. 1, The Manufacturers National Bank of Troy, Troy, N. Y.

Location of branch: 31 Third Street, Troy, N. Y.

Nov. 22, The Central National Bank at Battle Creek, Battle Creek, Mich.

Location of branch: Bellevue, Mich.

Insurance Companies, Bank Supervisers, ABA Oppose Registering Privately Placed Issues

Opposition by insurance company representatives and Federal bank supervisory agencies to the proposal to amend the Securities Act to require registration of privately placed securities was raised before the House Interstate and Foreign Commerce Committee on Nov. 14. A spokesman for the National Association of Manufacturers also opposed the proposal. Regarding the views expressed, a Washington account to the "Wall Street Journal" of Nov. 15, said in part:

Insurance company opposition came from Metropolitan Life Insurance Co. and the Prudential Insurance Co. of America while the Federal agencies opposing the investment bankers' proposal included the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corp. and the Comptroller of the Currency.

At the same time, the committee was told by an individual witness that compulsory registration of private placements might be the "opening wedge" for complete Federal regulation and control of all insurance company investments.

These representations were made before the House committee which is considering various amendments to the securities laws sponsored by the financial community and the SEC.

The three Federal banking agencies, in a joint statement presented to the committee, said the proposal to require registration of securities not being publicly distributed or sold on the markets would "unnecessarily interfere with business," and would cause "unwarranted delay and expense in the financing of industry" without any corresponding benefit to the public.

Speaking for Metropolitan Life, F. W. Ecker, Vice-President, told the committee that the extent to which securities are sold privately had been much exaggerated by investment banker witnesses, and while compulsory registration might reduce such sales it would not prevent them.

Asserting that the exemption from registration afforded private placements by the present law "is entirely appropriate," Mr. Ecker declared that the bankers' proposal is aimed at "a basic right" which has prevailed since foundation of this country—that of a borrower to have freedom in negotiating with a lender.

Position of Prudential was set forth in a letter, signed by Carrol M. Shanks, Vice-President and General Solicitor, which was placed in the committee's record.

"The proposal," the Prudential letter said, "is in reality merely a simple demand on the part of the investment banking industry that Congress limit the competition which they must meet, and we submit that your committee should view it in that light. We do not propose to argue the economic aspects of that competition, but we do point out that direct loans have afforded industry a simple, speedy and satisfactory method of obtaining necessary capital on a sound basis, and that the real sufferers from the proposed amendment would not be the insurance companies but the borrowers, who would be subjected to a heavy buden and unnecessary expense without any compensating advantages whatsoever."

Frayzer Jones, speaking for the NAM, charged that the investment bankers themselves had been responsible in large measure for the growth of private placements by encouraging issuers to resort to this method of financing. Moreover, he declared that the bankers now are deriving commissions on about 50% of the private sales in the form of finders' fees, etc.

* * *

Mr. Ecker supported Mr. Jones' statement that investment bankers now obtain commissions on many of the private sales. In Metropolitan's case, he said, the company has paid commissions to bankers on fully 50% of the issues it has bought by the private placement route.

The American Bankers Association, through A. L. M. Wiggins, Chairman of the ABA Committee on Federal Legislation, told the House Committee on Nov. 18 that it would be an unwise public policy to require registration of new securities sold privately. According to the Associated Press, Mr. Wiggins said:

Stripped of verbiage and reduced to its real objective, the purpose of this proposal is to divert into the hands of investment dealers and underwriters part of the present flow of funds now secured by business and industry from banks and other institutions.

It is evidently the hope of the proponents of this proposal that if registration is required for these credits and advances, business and industry will then meet a larger part of their credit needs by issuing securities through underwriters as public offerings rather than by dealing directly with banks and other institutions.

I believe we will agree that the commercial banking system today is functioning with the highest degree of service to the economy of this nation and to Government in the history of banks.

Regarding the views of others expressed at the House Committee hearing on Nov. 18, advices to the New York "Journal of Commerce" from Washington said:

Edward E. Brown, President of the First National Bank of Chicago, and head of the Advisory Council of the Federal Reserve System, branded the investment bankers' proposal as "unfeasible" and asserted that its adoption would work irreparable harm not only to banking interests but to industries vital to the national defense program.

E. L. Love, Vice-President of Chase National Bank of New York, representing the ABA, also attacked the plan to require registration of securities offerings above $3,000,000.

Mr. Wiggins told the committee that the ABA, composed of 14,000 banks of deposit, representing 96% of the banking resources of the nation, strongly opposed the suggested revision of the securities law.

Under date of Nov. 12, R. McLean Stewart, Chairman of the Security Acts Committee of the IBA, was again heard by the House Committee, at which time, according to the Associated Press, he said:

Asking for an amendment to the law which would require registration of such private loans with the SEC, Mr. Stewart said some issuers of new securities now went directly to insurance companies and other institutional buyers because such transactions avoided the expense of registration and the requirement of full disclosure, as well as certain liabilities under the law.

Repeating his contention that private sales give institutional buyers advantages, Mr. Stewart asked:

"Is it not fair to ask whether other institutions and the investing public should be placed at a disadvantage?"

An account as to views previously indicated by Mr. Stewart appeared in our issue of Nov. 13, page 1038.

On Nov. 19 representatives of the Investment Bankers Association at the hearing before the House Committee urged that Congress increase the $100,000 exemption on registration of new securities with the Securities Commission in order to remove hardships on small businesses. From the Associated Press we also quote:

Arthur G. Davis, Chicago, field secretary of the IBA, recommending a $500,000 exemption, said that most issues of that amount or less are sold locally and asserted that State laws are "ample and sufficient" to safeguard the public.

Rush S. Dickson, of Charlotte, N. C., said it seemed "distincly unfair" that the 1933 Act should place on an issue between $100,000 and $500,000 the "costly and burdensome requirements of registration" without regard to the success of the company in the past.

"This seems to me an unnecessary restraint upon the flow of capital that tends to discourage the expansion and development of those very businesses which, by their records, have indicated their qualifications for the confidence and support of investors," Dickson said.

The securities industry has asked that the exemption be raised to $500,000. The SEC has expressed a willingness to compromise at $300,000.

Mortgage Banker On Rent Control Situation

While expressing the hope and belief that developments of the immediate future may make Federal rent control unnecessary, Frederick P. Champ, President of the Mortgage Bankers Association of America, said on Nov. 26 that he felt the problem ought to be approached with the full knowledge that it may mean almost complete cessation of new construction and thus further aggravate the situation it is designed to help. Mr. Champ went on to say:

Every patriotic American heartily endorses measures designed to prevent inflationary rises, but in a desire to control prices we must not idly assume that rents can be compared to commodities. Rent control will naturally affect adversely all owner-occupied and rented residential real estate while it will help only a part of those renting. This is because owner-occupied real estate values are subject to the same influences which affect rented property.

If rent control should come, consideration of it ought to be based on what will mean the least possible dislocation in civilian life. This means that rent control ought to be confined to real defense areas where a great influx of workers has created a critical housing shortage. It also seems only fair to provide for removing rent restrictions when the acute situation has passed, if this should occur prior to June 30, 1943 when the proposed bill terminates.

It also seems fair to ask that any rent restrictions be set at levels which permit a going rate of return on the value of the real estate at the time control is instituted. Otherwise control will mean actual confiscation of property for thousands of property owners.

Upward Retail Sales Trend Seen By Walker In Address At Security Analysts' Luncheon

On the basis of British experience it is difficult to forsee any practicable form of price control that would alter the rising trend of retail sales, Q. Forrest Walker, economist of R. H. Macy & Co., Inc., said in an address Nov. 27. Mr. Walker, who speaking at a luncheon of the New York Society of Security Analysts further conjectured that, while severe controls would doubtless curb rising dollar sales, the upward momentum would probably not cease as long as purchasing power continued to rise as a result of government disbursements. "While such disbursements will undoubtedly displace previous private disbursements to a considerable extent, the aggregate trend of sales seems most likely to rise," he said.

Following is a portion of Mr. Walker's remarks:

It is said that rising income taxes will make drastic inroads upon consumer income. In individual cases stringent curtailment of consumption expenditures will doubtless occur, but in the aggregate the additional taxes that our Government will collect will not be retained in the public treasury. The new diversions from the stream of income will be immediately spent and returned again to circulation. Moreover, the program contemplates vast additional expenditures financed by borrowing. The largest part of these expenditures will also be for direct and indirect labor. There has never been a wholly adequate explanation of the net effects of heavy income taxes upon the flow of income. The most serious effects are the shifts in income receipts by consumers and the imposition of tremendous burdens upon the fixed income groups who generally have scant opportunity to collect any part of new distribution of dollar income. Whatever may be said for these forms of financial shock therapy, it seems clear that our whole philosophy of taxation as a means of economic control needs a rigorous re-examination. And that is a question beyond the scope of this review.

If we can agree that dollar national income will continue to rise and that retail sales will amount to substantially more than one-half of this total, our next problem is the incidence of taxation on the income groups who will be the chief beneficiaries of public expenditures. Over 60% of family income falls in the groups who receive less than $3,000 per year. In 1918, the income tax on such an income of a married person with no dependents was $60, and under the present law it is $98. The difference amounts to $38 or about 72 cents per week. On a net income of $5,000 with the same marital and dependent status, the difference is $143 or about $2.75 per week. As the vast bulk of consumer expenditures at retail is by families in the modest income groups, it seems clear that the new tax burdens will not do more than cause some transitory check upon the rising dollar volume of total retail trade.

The present rise in the standard measures of the cost of living is moderate in amount. A substantial further rise would doubtless stimulate a considerable shifting of consumer demand from higher to lower price categories and from luxuries and semi-luxuries to necessities. Disproportionate rises in rents would, of course, disturb the equilibrium. But generally, a rising cost of living means that a substantial part of the rise has occurred in food and clothing and similar items that retailers sell. It checks the physical volume of sales; but the effect is mainly felt in shifts in demand rather than drastic reduction of total dollar demand. New purchasing power, as we have noted, will drift into lower income levels as government expenditures expand; and this addition will serve to compensate in part for reductions in the dollar incomes of other groups.

In short, there seems to be no simple formula for "mopping up" newly created and ever increasing dollar income; and devotion to such a theory could only result in imposing sharply regressive burdens on fixed incomes.

On the subject of retail profits, Mr. Walker said in part:

The largest single item of expense in retail operations is labor. Labor costs have been rising. Competition between civilian and defense industries is increasing typical living rates in a wide range of civilian enterprise, and retailing is no exception. Upward wage adjustments and shorter work weeks, if widely adopted, will add materially to retail operating expense. In 1939, total payroll expense represented about one-half of the operating expense of typical department stores. Expressed as a percentage of net sales of large department stores, it was 17.85 per cent; and the next largest items were real estate costs, 5.55% and advertising costs, 3.4%. In that year, the net profit before Federal taxes was 4.3% per dollar of sales. Under these circumstances, sharp increases in labor, as well as a host of other and smaller operating costs, must be met by higher merchandise mark-ons. Any historical survey of retailing will show that the problem of rising costs is met in this way.

When costs of goods at the manufacturing level are rising, the use of traditional retail mark-ons produces somewhat higher absolute margins to the retailer; but when all costs are rising this cushion is likely to be inadequate and the only real sensible practice of the retailer is a higher percentage mark-on. This is the problem that now faces nearly all types of retail operation in this defense emergency.

To an increasing extent merchants will also need to curtail and eliminate a number of expensive customer services as their operating expenses rise. The trend is definitely in that direction.

In 1939, the larger department stores of the country earned from 7.7 to 9.2 per cent on their net worth. Probably a considerable number will elect to use the invested capital method of computing the excess profits tax exemption. Like many other types of business, much of the improvement in net showings in this period of expanding sales will be absorbed by increased taxes.

1941 Barley Loans

The Department of Agriculture reported on Dec. 1 that through Nov. 22, 1941, Commodity Credit Corporation made 21,203 loans on 15,390,351 bushels of 1941 barley in 20 States. Loans average 40 cents per bushel. Approximately 14,300,000 bushels of the total barley under loan are stored on the farm. On the same date last year loans were reported on 5,683,663 bushels of barley.

United States Asks Finland To End War With Russia; Hoover Against Pressure

Secretary of State Hull revealed on Nov. 3 that the United States had transmitted to Finland on Aug. 18 an offer by Soviet Russia to make peace. Expressing concern because no reply had been made to the proposal, Secretary Hull said that Finland must discontinue her military operations against Russia if she desires to maintain American friendship.

Reporting on the matter, Associated Press Washington advices of Nov. 3 said:

> Mr. Hull said this Government had frequently called the attention of the Finnish Government to American anxiety over the course it was pursuing. However because of friendly relations which the United States always has had with Finland, he added, this Government has refrained until now from drawing any final conclusion from the present policy of the Finnish Government, in the hope that similar relations could be maintained in the future.
>
> Recently, he continued, the United States Minister in Helsinki was instructed to inform the Finnish Government that if Finland desired to maintain our friendship now and later, satisfactory evidence must be forthcoming that Finland intends to discontinue promptly offensive military operations against Russia and to that end Finnish troops will, in principle, be promptly withdrawn.
>
> At the same time the American Minister reminded the Finnish Government of the information previously given to Finland's Minister here regarding the possibility of bringing about a peaceful settlement of outstanding Russo-Finnish difficulties. The United States now is awaiting the Finnish Government's reply.
>
> Mr. Hull explained that on Aug. 18 the Finnish Minister in Washington, Hjalmar Procope, was informed that the State Department had learned that the Soviet Union was prepared to discuss a Finnish-Soviet peace on the basis of territorial compensation to Finland.
>
> But no Finnish spokesman, either here or in Helsinki, Mr. Hull continued, has subsequently indicated any desire to investigate this possibility.
>
> The United States has realized, he said, that there may be some difficulty for Finland in making peace with the Soviet Union at this time, because of German pressure. But he emphasized that this cannot alter the fact that, if Finnish policy is continued, it must be because the Finnish Government is no longer a free agent of the Finnish people, or because this policy is the free choice of the Finnish Government and people with the full knowledge that it entails a serious threat to the security of the independence of all anti-Nazi countries of the world, including Finland.

Former President Herbert Hoover in a statement issued Nov. 4, protested at the United States "using pressure upon democratic Finland on behalf of Communist Russia." Recalling that "only two years ago this peaceful little nation was attacked by Communist Russia" and forced to surrender a third of their land, Mr. Hoover put forth these two questions:

> Can America reproach them for taking the first chance to recover these homes and their former countrymen?
>
> Has America lost all sense of human and moral proportions?"

On Nov. 7 the State Department gave out the official memoranda of conversations held with Hjalmar J. Procope, Finnish Minister, by Under-Secretary of State Sumner Welles on Aug. 18 and by Secretary Hull on Oct. 3, with respect to Russia's offer to negotiate a new treaty of peace with Finland.

The memorandum of Secretary Hull, as made public by the State Department follows:

> The Minister of Finland called at my request. I proceeded at once to say that it was unnecessary to go over the pros and cons of the situation as the war relates to Finland and to the United States, or to the likes and dislikes of either government with respect to Stalin and Hitler or their respective countries.
>
> I said that, as heretofore stated by me to the Minister, I am glad to see Finland recover her lost territory. My Government and country and I have been loyal friends of Finland and would like very much to see our fine relations continue, but even this consideration was beside the governing question just now.
>
> That question, which is of the greatest importance to my country without contemplating the slightest injustice to Finland and her best interests, relates to the future safety of the United States and of all peaceful countries in the world that this Government, profoundly convinced as it is that Hitler, practicing loathesome barbaric methods, is undertaking to conquer the earth; that in these circumstances my country is expending and is ready to expend 15 or 25 or 40 or 75 billions of dollars to aid in resisting and suppressing Hitler and Hitlerism; therefore the one question uppermost in the mind of my Government with respect to Finland is whether Finland is going to be content to regain her lost territory and stop there, or whether she will undertake to go further, if she has not already done so, so that the logical effect of her course and action would be to project her on the side of Hitler into the general war between Germany and Russia and the other countries involved.

Under date of Nov. 12, Associated Press accounts from Helsinki, Finland, said in part:

> The Finnish Government rejected today the United States' warning to stop fighting Russia or risk loss of American friendship.
>
> In a polite note to Washington, disclosed today, the Helsinki regime asserted that Finland did not want to continue the fight any longer than her vital security demanded, but that she could not agree to expose herself to future peril by interrupting military operations before her objective was wholly realized.
>
> This message was in response to the warning that Cordell Hull, United States Secretary of State, disclosed in Washington on Nov. 3.
>
> Since going to war against Russia last June 26 Finland has gained back substantially all the territory she was forced to concede to Russia after the winter war of 1939-1940, with important exceptions.
>
> The note went on the state that vital Finnish areas remained in Russian hands, including the Rybachi Peninsula, whose guns control Petsamo, Finland's only port on an open ocean; outer islands in the Gulf of Finland, and above all the Hangoe Peninsula on the southwest tip of Finland, which controls shipping in the Gulf and from which the Russians still make air raids on South Finland.
>
> The Government again denied ever having received Russian peace proposals.

Steel Industry At Conference Pledges To Meet Demands Of Defense Program

At the first industry-wide conference held in Washington to hear the Government present its 1942 requirements as to the steel industry, members of the industry pledged fullest cooperation and asked defense officials to be more specific in their terms.

President Roosevelt, in a message to the meeting read by William S. Knudsen, Director-General of the Office of Production Management, appealed to the steel men to set aside any "individualistic interest" and said that he knew they would work with labor, just as labor would cooperate with them, for the purpose is mutual—"the protection of the lives and the homes of the American people and of every free home on earth." Saying that "the output of the steel mills serves as the backbone of the weapons, the tanks, the airplanes and the ships on which the fate of free government in this world rests," the President's message further said:

> The men who will gather with you are the leaders of the iron and steel industry of the United States. They have a great responsibility. They must supply, at the time it is required, the steel in the form and the type essential, not only to carry out the immense armament program necessary for our own protection, but they must supply adequate steel to serve the requirements of Great Britain, Canada, Russia, China and all other forces determined to defeat the Axis powers.
>
> And, added to this, steel must maintain the industries absolutely essential to the functioning of our civilian life, as well as that of Latin America and every other civilized country in the world depending upon that commodity.
>
> No greater burden has ever been thrown on a single industry.
>
> No greater call has ever been made on any industrial group than is required of the steel industry. The initiative, the energy and the resourcefulness of every man in every capacity from the senior executives through every type of labor must concentrate upon these objectives, primary of which, of course, are the requirements of our Army, our Navy and our Maritime Commission.
>
> We must set aside any individualistic interest which interferes in the slightest degree with this objective. The executives must, and I know they will, work with labor to meet this test of their resources, and I am equally as positive that labor will work with the executives, for that purpose is mutual—the protection of the lives and the homes of the American people and of every free home on earth.
>
> I have watched with personal interest the part which the steel industry has played in the defense program, and I expect even greater results and accomplishments from it in the future, for the day on which you will meet with members of the industry is one set aside and dedicated by the people of this country as a new starting point from which to concentrate every facility to make this country impregnable—and to furnish the materials and products which will enable the free countries of all continents to defeat the despotism which threatens us all.

At the outset of his message the President expressed it as "appropriate that I should, through you, address the representatives of the largest industry producing the largest tonnage of metal in the world, on the morning of Nov. 11, the anniversary of Armistice Day, 1918, and the first day of the week which has been designated as Civilian Defense Week."

Speaking on behalf of the entire industry, E. G. Grace, President of the Bethlehem Steel Co., according to Washington advices to the New York "Journal of Commerce," said:

> "If the industry knows the needs of its best customers—the Army, Navy, Maritime Commission and lend-lease—it will do a good job. But we must know what our task is," he added.

The same advices stated:

> William S. Knudsen, who addressed the conference, told the steel men that the United States is now spending $1,500,000,000 a month for defense and indicated that during 1942 from $2,000,000,000 to $2,500,000,000 would be paid out by the Treasury every month for finished defense products.
>
> "The peak rate of defense production," he predicted, "will begin in the second quarter of next year."
>
> Federal Loan Administrator Jesse Jones, Price Administrator Leon Henderson and Sidney Hillman, Associate Director General of the Office of Production Management, were among those who were heard at the conference.

Peruvian Sugar Exports

Peru's sugar exports during the first nine months of 1941 reached 270,295 long tons, raw value, as against 224,981 tons during the corresponding period last year, an increase of 45,314 tons, or approximately 20.1%, according to a report received by Lamborn & Co., New York, from Lima. The exports for the first nine months of 1941 are the largest of any similar period on record. It is stated that of the exports so far this year, 113,335 tons, or approximately 42% were shipped to the United States; 134,348, or 49.7%, went to Central and South America, and the balance of 22,612 tons were destined principally to Europe. It is added:

> Last year during the first nine months, only 21,884 tons or less than 10% were exported to the United States; 125,922 tons, approximately 56%, went to Central and South America; while the balance of 77,175 tons went to Europe and Africa.
>
> Peru's current sugar crop is expected to approximate the record crop of 458,836 long tons produced last season. Consumption in Peru last year totaled 100,230 long tons.

Treasury Dept. Issues Revised Tax Form

Revised Form 1040 for 1941 income tax returns was made public by the Treasury Department on Nov. 22. All individuals filing returns who do not elect to use simplified Form 1040A prescribed in accordance with the Revenue Act of 1941 for certain incomes of $3,000 or less will make their reports on the new Form 1040 regardless of the size or source of their incomes, the Treasury announcement says. The Department further stated:

> Form 1040 also has been simplified this year so that persons whose income is entirely from salaries and other compensation for personal service, dividends, interest, rents, royalties and annuities may fill in pages one and two of the new Form and disregard the remaining two pages. The Form is so printed that in such cases the taxpayer may tear off the second sheet of the Form on which pages three and four are printed and file only the first sheet which contains pages one and two.
>
> Taxpayers who have income or losses from other sources, such as from business or sale or exchange of capital assets, will fill out the entire four pages of the Form.
>
> Printing of the forms is being rushed so they will be in the hands of Collectors of Internal Revenue by Jan. 1, 1942. The Bureau of Internal Revenue estimates that 10,000,000 or more taxpayers will use Form 1040 this year and some 12,000,000 taxpayers the simplified Form 1040A.
>
> The old Form 1040 was used by all persons whose gross income was more than $5,000, but under the present system all taxpayers who are not eligible or do not elect to use Form 1040A will use Form 1040, if gross income is equal to or exceeds the exemption of $750 for a single person and $1,500 for a married person.
>
> A large majority of the taxpayers who formerly used Form 1040 will find the revised Form much more simple, Bureau of Internal Revenue officials pointed out. If their income is wholly from compensation for personal services and from investments, they will be able to skip items 7, 8, 9 and 10 on page one and disregard pages three and four of the Form.
>
> A sheet of instructions is attached to the Form and contains the information necessary for the proper preparation of the return.
>
> The new Form 1040A, prescribed in accordance with the Revenue Act of 1941 for incomes of $3,000 or less from salary, wages, compensation for personal service, dividends, interest, rent, annuities and royalties, is even more simple than the new Form 1040. A table on the reverse side of this Form shows the amount of tax on increasing amounts of gross income after the proper allowance of $400 for each dependent, if any.
>
> In the case of this simplified Form 1040A, the status of a person on the last day of the taxable year is the governing factor in determining the exemption level as well as the credit for dependents. On Form 1040 the personal exemption and credit for dependents are prorated according to the portion of the year during which the taxpayer was married or head of a family or had dependents.
>
> In the case of the new Form 1040A the tax is the same for each $25 block of gross income and the taxpayer need only ascertain in which block his gross income (less the allowance for dependents) falls to determine his tax. A flat reduction of 10% has been made in arriving at the amount of tax shown in the table for deductions such as charitable contributions and taxes paid, so that the taxpayer who uses this Form does not list these but gets an automatic deduction of 10%.
>
> Use of this simplified Form 1040A is optional for taxpayers whose income is wholly from the specified sources and does not exceed $3,000. Those who prefer may use Form 1040 though their income is less than $3,000.

Thurston To Be Minister

The State Department announced on Nov. 22 that Walter Thurston, counselor of the American Embassy in Russia, has received the honorary rank of Minister. Mr. Thurston is at present Charge D'Affaires at Kuibyshev, pending the return of Laurence A. Steinhardt, United States Ambassador, who is now in this country for consultation.

Purcell Terms Some Proposed Amendments To Securities Laws A "Threat" To Investors

With the opening in Washington on Oct. 28 of the hearings on proposed amendments to the Securities Act of 1933 and the Securities and Exchange Act of 1934, Ganson Purcell, a member of the Securities and Exchange Commission, characterized some of the proposals submitted by bankers and brokers as constituting "a serious threat to investor protection." This was indicated in special advices to the New York "Herald Tribune" from its Washington bureau Oct. 28, which also reported Mr. Purcell as saying that the Investment Bankers' Association, the New York Stock Exchange and others interested in the proposed legislation were "completely cooperative" in their discussions with the Commission. At the hearings (before the House Interstate and Foreign Commerce Committee), Mr. Purcell was further reported in the same advices as stating:

He [Mr. Purcell] said some disagreement had arisen, but that this was natural inasmuch as all parties interested in the amending legislation had different objects. The chief objective of the industry, Mr. Purcell explained, was to "free itself of any obligations that seem to them burdensome." On the other hand, he declared, the first objective by the SEC is "to protect investors as fully as possible under the law," and this involves opposing suggestions it feels weaken that program.

The SEC and the industry are in agreement on many of the more than eighty amendments submitted, while on others they disagree sharply.

Mr. Purcell was the first witness called by Representative Clarence F. Lea, Chairman of the Committee, who, in opening the hearings, said that Congress would be guided in considering the amendments by what can be done that will best "encourage investment, increase employment and improve administration of the acts." His committee, he explained, was not committed to any of the proposals before it. The advices to the "Herald Tribune," from which this is learned, also gave in part as follows a prepared statement by Mr. Lea:

"Much of the time during the last ten years the country has suffered from great idleness of capital and labor. As a result, we have had a reduced national income, increased relief and dependency and a great increase in the national debt.

"Such problems as these may at first blush appear merely to concern business, but in their broader aspects they encompass the economic, political and social welfare of the people of our country. They affect labor employment and our standard of living just as much as they affect dividends.

"There are, undoubtedly, basic reasons for this stagnant condition of capital and labor far beyond any relation that the sale of securities and the operation of stock exchanges may have to the problem. It is manifest, however, that any conditions that contribute to the unemployment, or to the idleness of of available capital, are of important interest to the country. Idle capital means idle men and weaker demands for materials.

"This country largely finances its industrial and commercial enterprises through the sale of securities of our business corporations. Generally speaking, we have the corporate system of carrying on great enterprises. The business of financing these enterprises is of importance to all classes of our people. It is the legitimate function of these regulatory measures passed by Congress to give a greater degree of integrity to securities and the business of selling securities. They should be protective aids to business. Anything that unnecessarily handicaps the investment of capital in the legitimate enterprises of the country, whether it be due to burdensome expense, delays or other causes, militates against the economic welfare of the country.

"Now, after more than seven years' experience under each of these acts we may legitimately inquire what is there, if anything, in these laws, or their administration, that may be changed to encourage investment, increase employment, and secure improvement in their administrative functions? Broadly speaking, this hearing is directed to that end. There is no purpose to break down necessary or desirable regulation. Our members are not committed to any specific action on these proposals, but we are hoping by the aid of those who will appear here, to take up the consideration of these acts to the constructive benefit of the country.

"A tentative program has been worked out by which the principal proposed amendments may be discussed separately and consecutively as the hearings proceed.

"We have before us a study made by the Commission, and representatives of the industry, the bill, H. R. 4344, introduced by our colleague, Mr. James W. Wadsworth, of New York, and the bill, H. R. 5065, introduced by our colleague, Mr. George A. Paddock, of Illinois, and H. R. 5832, introduced by Mr. Oliver. Mr. Wadsworth has given much time and patient study to problems arising under these two laws, and at the appropriate time qualified persons will discuss these various measures. The Committee will have the benefit of his contribution to these problems. It is planned, so far as possible, to hear from interested persons on various subjects as they are separately discussed.

"Certain representatives of local exchanges through the country feel that these institutions have some problems of their own that are of great importance to them and their communities. I understand the general desire of these exchanges is that the Commission first make a study and report of their problems as a basis of information and proposed remedies. These exchanges feel that the Commission is in position to give information and aid beyond what they are able to produce for themselves.

"The Commission is engaged upon such a study which, in due time, will be presented to this committee. The Commission is not able to state at the present time just how soon this report may be ready, but we expect that when it does arrive it will be of such importance as to justify the attention of our committee, whether it be before or after the present hearings are concluded."

According to Washington advices Oct. 28th to the New York "Times" Mr. Purcell said the SEC has no recommendations for amendment of the Securities Act of 1933 and only two or three for amendment of the Act of 1934. The "Times" account added:

Of the former he said eight years of experience had shown there were a few minor ways in which it might be improved but added the Commission's conviction that "generally the legislation was ably drawn" and that no real need exists for its amendment. Although the SEC has offered a few amendments to the 1934 act as alternatives to those proposed by the securities dealers, he indicated that the Commission nevertheless would be pleased to see this act also left untouched.

The Commission can accept some of the dealers' proposals, he said, but believes that most of them would weaken the protection now given investors.

In explanation he said the Commission felt that exemption from regulation of small issues might be modified to exempt such issues up to $300,000 instead of $100,000 as at present, although he said there was "some trepidation" in the Commission's mind about this. The dealers are proposing exemption of issues up to $1,000,000.

On the proposal to require less detail in prospectuses, he added that the Commission is now trying to simplify these requirements by regulation.

"Do investors ever read these bulky documents required by the Commission?" asked Representative Wadsworth, Republican, of New York.

"Not to the extent that Congress hoped they would," the witness replied.

"I have yet to discover a single one who ever has done so," Mr. Wadsworth commented. Later he asked Mr. Purcell to submit some samples of the bulkier ones "if you can get them into the committee room."

Representative Paddock, Republican of Illinois, asked how the committee could obtain information of the attitude of investors toward the security laws, and what this attitude generally is.

"Our voluminous correspondence and many personal contacts with investors, including insurance companies and all other types, indicates it is almost universally favorable," Mr. Purcell replied. "Of course, now and then an individual grumbles about some specific detail."

He said the SEC would be glad to submit data from its correspondence to support this assertion.

At the further hearing on Oct. 29 Mr. Purcell contended that reduced volume of trading in the securities markets is the result of the removal of pools and manipulative operations barred by the Securities Exchange Act and not because of any other provisions in the securities acts. The New York "Journal of Commerce" in advices from its Washington bureau on Oct. 29, reporting this, added:

Mr. Purcell defended the statutes and their administration by the Commission against charges that they have virtually placed the securities industry in a strait-jacket.

Like yesterday, Mr. Purcell made no attempt today to defend or oppose any specific change in the laws, but limited his testimony to the presentation of a "background" picture of what has gone on before and how the Commission has sought to meet the various problems of administration of the laws.

* * *

Indications that the recommendations of the industry that the size of the Commission be enlarged is finding favor among committee members came early during the hearing today when Representative Cole (Dem., Md.) expressed doubts that the Commissioners, because of the volume of their work, can find sufficient time to meet the public. The Commission is composed of five members now and the industry is suggesting that the membership be enlarged to nine.

Mr. Purcell replied that the Commission "knows what's going on," and in spite of their work the members have found time to "meet the public on all matters of importance."

* * *

He told the committee in his general statement on the work of the Commission that it has endeavored to carry out the intent of the Securities and Exchange Act by encouraging self-regulation on the part of the exchanges. He recalled that the Commission has made many suggestions to the exchanges, some of which they have adopted.

He cited one instance, however, where the exchanges have not followed the recommendations of the Commission. This was a proposed change in the manner of selecting exchange officers. The Commission feels strongly, Mr. Purcell said, that the exchange should do away with its nominating committee and adopt the Commission's recommendation that nominations be made by petition. The nominating committee system he said, "perpetuates those in power."

Mr. Purcell testified that the Commission has held numerous conferences with members of the industry on "knotty problems" of administration of the laws, and expressed hope that industry members would continue to bring their problems to the Commission.

Comparative thinness of the securities markets since enactment of the securities laws was brought up in the afternoon session by Representative Wadsworth (Rep., N. Y.), who is sponsoring a bill for modifying the acts. He wondered if the cause of the inactivity was the result of the laws or some other cause.

* * *

Mr. Purcell replied, however, that he could not agree that the market has been entirely inactive since passage of the securities laws and recalled that in the summer of 1938 a wave of activity struck the market that was equal to the volume of years previous to Federal regulation.

At the hearing on Nov. 5, before the House Committee, Mr. Purcell disagreed with statements that issuers of new securities were turning to private sales to save time and money spent by adherence to the registration process under the Securities Act of 1933. Associated Press accounts from Washington further reported:

He discussed the subject before the Committee after Representative Wadsworth (Rep., N Y.), a Committeeman, had said that the "burden of registering has become so great" that the trend has been growing toward private sales.

Mr. Purcell said the Commission's rules were not responsible for a trend toward private financing.

* * *

Discussing the broad question of simplifying the registration process the Commissioner said both the SEC and the industry sought shorter prospectuses and had agreed that the Commission would have the authority to recommend condensation of material usually filed in them. But he added that shorter prospectuses would remain "an ideal" unless the SEC was given permission mandatorily to require such reduction involume.

In his appearance before the Committee on Nov. 6, Mr. Purcell defended the SEC, after Representative Holmes of Massachusetts had said that legislation proposed by the Commission made it appear that "the Commission is seeking more power to regulate." The further remarks before the Committee are taken as follows from the Associated Press Washing accounts Nov. 6:

"Every effort was made to avoid that," Mr. Purcell replied.

"It looks to me that the Commission is seeking more power to control rather than simplification," Mr. Holmes said of the proposed amendments to the Securities Act.

"That might appear true from examination of some particular phrases in the proposals," Mr. Purcell replied, "but a close examination in relation to the subject-matter on related parts of the legislation would show there has been some relaxation in the present law in the same subject-matter in which the safeguard is included."

"The restrictions are so severe it is humanly impossible to get new money into business because of the red tape and the attitude of the Commission," Mr. Holmes insisted, "and that statement has been made many times by members on the House floor."

Mr. Purcell said that registration requirements for securities, whether new or refinancing issues, were all alike but that in a time of a declining interest rate it was to be expected that corporations tried to refinance securities to save money. Most of the new airplane manufacturing companies finance their plants through registered securities, he said.

Mr. Purcell completed his testimony in opposition to proposals of the securities business that a requirement that no securities may be sold until after a general prospectus has been placed in the hands of investors be eliminated from the Securities Act. The present waiting period is six or seven days, he testified, compared with 20 days before the Act was amended last year. The Commission insists that a 24-hour waiting period should be retained.

On Nov. 6 also Mr. Purcell indicated at the hearing that the Commission is willing to accept the proposed amendment to the Securities Act to permit public offerings before the effective date of registration statements, provided proper investor safeguards are imposed. The Associated Press further reported on Nov. 6 that Mr. Purcell emphasized that the SEC did not want to urge the Committee to make this change in the Securities Act and would not support it unless safeguards are provided.

Mr. Purcell later was heard by the Committee, and on Nov. 19 he advised that body that registration of all security issues "would not solve the problem of private placements." This is learned from the Washington advices of the "Herald Tribune," which in part also stated:

Mr. Purcell at the outset asserted the SEC does not oppose the proposal to add Section 2 (14) to the Securities Act of 1933 to require registration of all issues, whether publicly offered or privately placed. He said the SEC staff aided the investment banking industry in drafting the proposal but that "does not mean that the Commission is seeking this amendment."

Two other witnesses appeared before the Committee—Arthur G. Davis, Field Secretary of the Investment Bankers Association, and R. S. Dickson, President of R. S. Dickson & Co. Just before the morning session ended Representative Clarence F. Lea, Democrat, of California, Chairman of the Committee, urged speed in the hearings, in order to present a report to Congress early next year.

* * *

Later he [Mr. Purcell] questioned "whether the investment bankers can seriously contend that they could have made a contribution in any way commensurate with the cost of

their services in the marketing of the security issues which have been privately placed had they been publicly offered."

"It seems to me," he continued, "that the upward trend in the volume of private placement is substantial evidence that the word has gotten around among issuers that financing of this type can be accomplished more economically and efficiently without the usual syndication."

Mr. Purcell's summation closed the Committee's discussion of the proposed amendment providing for registration of issues placed privately. He was followed by Mr. Davis, who took up Section 4 (B) of the 1933 Act providing for exemption of issues from registration valued to $300,000, as compared with $100,000 now. The industry seeks to raise the exemption to $500,000, which Mr. Davis asserted that "a very considerable proportion of individuals from the industry believe that the amount ought to be increased to $1,000,000."

Mr. Davis argued that the Commission's contention, opposing the raising of the exemption to $500,000 on the grounds that the cost of preventing fraud in advance would increase sharply, does not hold true.

"From my experience in enforcement work," he said, "I must disagree with that statement. Adequate cooperation with State officials ought to make enforcement by no means an unreasonably difficult job. In any case, the administrative burden is not the sole criterion for deciding this point. Public interest ought to be the controlling factor."

On Nov. 27 Mr. Purcell cautioned legislators against offering underwriters and dealers "temptation to overstate the value of a security" by modifying safeguards established by present laws. Said the Associated Press.

Mr. Purcell countered a previous assertion by John R. Starkweather, Vice-President of the Investment Bankers Association, that the competitive bidding rule was "wrecking the securities industry" with the declaration that it was the "only method of avoiding recurrence of past abuses."

Several items bearing on the hearings relative to the proposals to amend the securities laws were given in our issue of Nov. 6, viz: The analysis of the Commerce and Industry Association of New York appeared on page 913; views of Emil Schram, President of the New York Stock Exchange, on page 914; testimony of Emmett F. Connely, President of the Investment Bankers Association of America, on page 916, and changes suggested by George P. Rea, President of the New York Curb Exchange, on page 924.

OPM Orders 10% Cut In Vacuum Cleaner Output

Large manufacturers of vacuum cleaners were ordered by the Office of Production Management on Nov. 26 to cut their production 10% under recent levels. Designed to conserve steel and other critical materials for national defense, the curtailment program is regarded as relatively small compared with reductions for other consumers' durable goods industries, the OPM pointed out, since vacuum cleaners require only small amounts of raw materials. The industry has a high ratio of employment compared with the amount of materials consumed. The order is based on average monthly factory sales for the 12 months ended June 30, 1941, and covers the period from Oct. 1 to Dec. 31, 1941. Nineteen companies will be affected by the order.

Continued Increase In Business Activity Is Reported By Federal Reserve Board

Industrial activity continued to increase in October and the first half of November and there was some further advance in prices of industrial materials and finished products, it is stated by the Board of Governors of the Federal Reserve System in its summary of general business and financial conditions in the United States, issued Nov. 21. Distribution of commodities to consumers declined in this period following an unusually large volume of trade in the preceding three months, the Board points out in its summary, continuing:

Production

Volume of industrial production increased further in October and the Board's seasonally adjusted index advanced from 161 to 164% of the 1935-39 average. Increases in activity occurred mainly in industries producing machinery, armament, and other durable manufactures required under the defense program. In the meat packing industry activity also advanced considerably and output of other manufactured food products, which has been unusually large in recent months, declined less than seasonally.

Automobile production increased during October and in the first half of November was sustained at about the rate reached at the beginning of the month. Production in October approximated the quota permitted for the month, whereas in August and September output had been considerably below the quotas set, owing in part to delays incident to the changeover to new model production and to difficulties in obtaining certain materials. Since the beginning of the model year production has been substantially in excess of retail sales and dealers' stocks have risen sharply. Output of cars and trucks in October was about one-fourth smaller than in October last year; in the industry as a whole, however activity, as measured by manhours worked, was about the same as a year ago, apparently reflecting a shift to armament production.

In most other manufacturing industries output in October was maintained at or near the rates prevailing in other recent months. At cotton mills activity increased, following some reduction in the previous month, while at wool mills there was a slight decline from the peak reached in September. Steel production rose to an average rate of about 99% of capacity during October but decline dslightly in the first half of November.

Coal production declined somewhat in October and early November, while output of crude petroleum increased further to new record levels. Iron ore shipments down the Lakes were maintained at a high rate and through the end of October amounted to 71,600,000 gross tons, a larger volume than had previously been transported in any complete shipping season.

Value of construction contract awards decreased slightly in October, according to figures of the F. W. Dodge Corp. Declines in awards for publicy-financed work were partly offset in the total by an increase in privately-financed projects. Awards for residential building showed little change, although an increase is customary in this month. Contract awards in October continued in larger volume than a year ago. Total awards were 60% larger, reflecting increases of 13% in private construction and of 112% in public work.

Distribution

Distribution of commodities to consumers declined in October following an unusually large volume of trade in the preceding three months. During the third quarter sales had been stimulated considerably by several factors, notably apprehension that there might be shortages and higher prices of many consumers' goods later on, as well as desire to avoid stricter instalment credit terms, effective Sept. 1, and higher taxes on many products effective Oct. 1.

Railroad freight-car loadings declined somewhat from September to October, owing principally to decreased shipments of grain products and coal. Shipments of livestock increased and ore loadings showed less than the usual seasonal decline.

Commodity Prices

Prices of agricultural commodities, which had declined from the early part of September to the middle of October, have advanced somewhat since that time and prices of industrial commodities have increased further. Recent advances for industrial raw materials and finished products have been more restricted than in earlier periods, reflecting partly an extension of Federal maximum price action particularly to petroleum products and to selected metal, chemical and textile products.

Price in retail markets have continued to advance sharply. In September the cost of living, as measured by the Bureau of Labor Statistics' index, increased two points to 108% of the 1935-39 average and was 7% above the level of last March. Since September retail food prices, which usually decline at this season, have increased further and preliminary data indicate that retail prices of other commodities have continued to rise.

Bank Credit

Total loans and investments at reporting member banks rose further during October and the first two weeks in November. Holdings of United States Government securities increased and commercial loans contnued to advance.

Excess reserves of member banks declined from $4,700,000,000 to $3,500,000,000 on Nov. 1, reflecting the increase in reserve requirements previously announced by the Board to be effective on that date.

United States Government Security Markets

Long-term Treasury bonds declined slightly in price during the early part of November, following a relatively sharp increase after the middle of September to a record high level around Nov. 1. Yields on short-term issues have firmed since early in September, the yield on Treasury notes of December, 1945, advancing from 0.62% on Sept. 15 to 0.83% on Nov. 15, and the bill rate rising to 0.258%.

Tax Savings Plan Folder

The Treasury Department on Nov. 14 began distribution of a small folder entitled "Tax Savings Plan," which contains a digest of regulations governing Tax Savings Notes. The back of the form contains an application blank for the notes. George Buffington, Special Assistant to the Secretary, said the new folders will be sent to banks, investment houses and corporations which employ a large number of workers. They are designed to answer questions which might arise concerning United States Treasury Tax Notes and to supplement information in the "Know Your Taxes" pamphlet that is now being distributed to millions of workers.

President Greets Grange On 75th Anniversary

President Roosevelt said on Nov. 12, in a message to the 75th annual convention of the National Grange, at Worcester, Mass., that it is the Nation's supreme task to make the ideals of "a proper equality, equity and fairness" prevail through democratic action. He expressed confidence that Grange members as well as all other Americans will continue to do their part "to make and keep America strong and free and neighborly in a changing world." The President's message follows:

> In the course of my membership in the Grange for more than 25 years, I have often thought of the creed and purpose which members of the order adopted and announced at their national organization meeting in 1873 at Georgetown, D. C. "We desire," said the founders, "a proper equality, equity and fairness, protection for the weak, restraint upon the strong. These are American ideals, the very essence of American independence."
>
> All of us subscribe to these ideals and principles. Our supreme task is to make them prevail through democratic action. We can do it. We must do it. We are doing it. I know that Grange members as well as all other American citizens will continue to do their part to make and keep America strong and free and neighborly in a changing world.
>
> And so I am pausing for a moment to extend hearty greetings to you who are celebrating the 75th anniversary of the Grange, and, through you, to all members of the order.

Secretary of Agriculture Wickard told the meeting on Nov. 13 that the "adequate defense of America means nothing less than the defeat of Hitler," and that therefore farmers must run the risks of overproduction in the interests of national defense. Saying that our greatest need is to get materials to those nations that are fighting, the Secretary declared that "if our production is 'too little and too late' it may be too late for us to hope for freedom in our generation."

For agriculture, Mr. Wickard fixed a triple production goal: Ample supplies for 130,000,000 people in this country with "more money to spend for food than they've had for years;" "food for the British who are fighting our fight," and food for stockpiles or reserves "to be used after Hitler is defeated, to feed the people he has impoverished."

The Secretary conceded that this program might involve dangers of overproduction in some commodities but added, "farmers have to choose between the risk involved in producing a little too much and the risk of producing a little too little. Our choice is obvious."

Louis J. Taber, Master of the National Farm Organization, urged on Nov. 12 that Americans stop the struggle for prices, wages and profits and help the Government to achieve unlimited defense production. "The Grange," he said, "challenges labor, business and finance to join with agriculture in unlimited production."

In a resolution adopted on Nov. 14 the Grange said that farmers require some kind of assurance of adequate prices to expand production of food for war needs. If food production fails to come up to needs as outlined by Secretary Wickard under a recently announced food-for-defense program, the Grange said, the cause would be not a lack of will to serve, but financial inability of farmers to carry on.

"Agriculture, with 6,500,000 individual producing units," said the Grange, "is least likely of all industries to exact monopolistic prices from consumers. If farmers can get equitable prices for their products, they can and will produce in abundance."

On Nov. 17 the Grange elected Albert S. Goss of Washington, D. C., as Master, succeeding Mr. Taber, who had held the post for 18 years and requested retirement. Mr. Goss is a former Federal Land Bank Commissioner.

On Nov. 23 the National Grange announced in Worcester the adoption of a 12-point post-convention "platform for agriculture" which, according to Mr. Goss, was compiled by the executive committee after a study of all legislative action by delegates at the 10-day convention. The platform follows, according to the United Press:

1. All-out defense with steps taken to assure no stoppage in maximum production of supplies for democracies.
2. Arbitrary price-fixing only if use of economic devices fails to check inflation. Power to be retained by Congress.
3. Assure agriculture an equitable share of the national income.
4. Expedite a policy which will assure plenty of food for the people at home and in the aided democracies.
5. Obtain full recognition for agriculture as an essential defense industry and receive the same treatment as the other branches of labor and industry.
6. A sound co-operative farm credit system and responsibility vested in boards.
7. Soil conservation continued and expanded.
8. Encourage co-operation as a means of increasing agriculture's ability to meet emergency conditions.
9. Over centralization and bureaucratic control in Government by Congress should be avoided.
10. Congress should act to prohibit and prevent strikes which retard the progress of national defense.
11. Adequate transportation facilities as essential to national welfare.
12. Elimination of unnecessary non-defense spending.

OPM Order Limits Use Of Tin And Lead Foil

Use of lead and tin foil for wrapping tobacco products, chewing gum and other similar products will be banned after March 15, it was disclosed on Nov. 23 in an order issued by Donald M. Nelson, Director of Priorities of the Office of Production Management. The order, designed to conserve tin and lead for defense purposes, provides that until Jan. 15 manufacturers of foils are limited to one-third of the amount produced in the first three months of 1941. After Jan. 15 the manufacture of foil for such purposes will be prohibited.

The products listed in the order were tobacco and tobacco products, chewing gum, beverages of all types, confections, ribbons for typewriters and other business machines, friction tape and photographic films.

On Nov. 28 the OPM spspended the effective date of the order for 30 days. During this period, the OPM's announcemnt said, a final decision will be reached as to whether the order should be revoked, modified or put into effect unchanged.

Congress Approves And President Signs Administration's Neutrality Revision Bill

Final Congressional action on the Administration's measure repealing the three main sections of the Neutrality Act of 1939—to permit the arming of American merchant ships and to allow the vessels to sail into belligerent ports and through combat areas—was taken on Nov. 13 when the House concurred in the Senate's action by a vote of 212 to 194. The new legislation, in the form of a resolution, was signed by President Roosevelt on Nov. 17.

House passage of the legislation by the narrow margin of 18 votes came after last-minute appeals from President Roosevelt and Secretary of State Hull were read, warning of the necessity for revising the Neutrality law (both of these letters were given in these columns Nov. 27, page 1226.

The House vote for the bill was made up of 189 Democrats, 22 Republicans and one American Laborite, while the opposition consisted of 137 Republicans, 53 Democrats, three Progressives and one Farmer-Laborite.

When the Neutrality amendments passed the House on Oct. 17, by a 259 to 138 vote, provision was made merely for repeal of Section 6 of the Neutrality Act, which prohibited the arming of American merchant ships. However, the Senate on Nov. 7, after 11 days of spirited debate, voted, 50 to 37, in favor of the broadened measure adopted by its Foreign Relations Committee on Oct. 25. This version included repeal of Section 6 and repeal of Sections 2 and 3—those provisions preventing American vessels from carrying cargoes and passengers to belligerent ports and to areas defined by the President as combat zones. The House's action on Nov. 13, coming after two days' debate, was in concurrence with the Senate bill.

In his original message to Congress on Oct. 9 the President recommended arming of ships and removing the prohibition against sending American-flag ships into belligerent ports. At that time he called for immediate action on the ship-arming proposal and early consideration of the "other crippling provisions" of the Neutrality Act (see issue of Oct. 16, page 626). However, in his last-minute appeal to the House, Mr. Roosevelt said that he now regarded the repeal of Sections 2 and 3 "as of at least equal importance" with Section 6 since "another month has gone by."

The Senate vote on Nov. 7, approving the legislation by a 13-vote majority, consisted of 43 Democrats, six Republicans and one Independent in favor of the measure and 21 Republicans, 15 Democrats and one Progressive against it. All amendment attempts failed. The chief of these was one to limit the change in the Neutrality Act to arming of merchant ships, defeated by a 49 to 38 vote, and another proposal to repeal the whole Neutrality Act, rejected by a vote of 78 to 11.

Elimination of Sections 2, 3 and 6 leaves the Neutrality Act with only the following provisions, according to the Associated Press:

> The President or Congress may proclaim the existence of a state of war between foreign states.
>
> American citizens may not travel on belligerent vessels except in accordance with Presidential regulations.
>
> Americans may not deal in the securities of belligerents.
>
> No person may solicit contributions in the United States for belligerent governments.
>
> The President may prescribe regulations regarding the use of American ports by belligerent submarines or armed merchantmen.
>
> The National Munitions Control Board may regulate munitions exports.
>
> Foreign vessels are forbidden to fly the American flag.

Following completion on Nov. 13 of Congressional action on the amendments to the Neutrality Act of 1939, United Press accounts from Washington said:

> Soon after Speaker Rayburn announced the final vote [in the House] he affixed his signature to the bill. But Mr. Roosevelt could not sign it because it first requires the signature of Vice-President Henry A. Wallace as President of the Senate. Senate Republican Leader Charles L. McNary, of Oregon, refused to grant unanimous consent—while the Chamber was in recess—so that Mr. Wallace could affix his name, thus delaying that formality until the Chamber reconvenes Monday.

N. A. M. Offers Labor Relations Principles

Enumerating seven fundamental principles which should form the basis for any labor policy adopted by the Administration as a result of the current "captive mine" strike, the National Association of Manufacturers called upon its 8,000 members on Nov. 21 to make certain that "we and our Nation's Government refuse to compromise with tyranny." In his capacity as President of the Association, Walter D. Fuller made public in a letter to the membership the N. A. M.'s first official statement on the closed shop issue since the beginning of the "captive mine" controversy.

No man, Mr. Fuller said, can foresee the ultimate outcome of the present crisis. But, he pointed out, while the immediate situation may change, there are basic unchanging principles at stake that affect all Americans. The Government, he said, must adopt those principles in any labor policy, for to ignore them would serve "only to postpone the labor crisis, and not to solve it."

The following are the seven principles offered by the N. A. M.:

1. There must be no Government compromise with a challenge by a private agency to the sovereignty of Government.

2. The right to strike, like other rights, properly is subject to reasonable regulation in the public interest. Without such regulation, the right to strike will destroy the equally valid right to work.

3. A sound national labor policy will require unions to acquire and retain members on the basis of their service to such members, and not through the black-mailing of either management or Government into forcing a closed shop upon employees who do not wish to join.

4. A sound national labor policy will require unions to settle their jurisdictional agreements without halting production.

5. The seizure of private property by Government is an unsound means of controlling unions which strike against the public interest.

6. Civil law, and not martial law, should be the normal weapon of enforcement of safeguards against coercion.

7. A sound national labor policy, resulting from the present crisis, should be a permanent one and should not be limited in duration to the present emergency.

"In the maelstrom of evolving labor policy," Mr. Fuller said in asking the N. A. M. members to uphold the points he had set forth, "I believe that the above principles will provide all of us with a reliable 'frame of reference' against which executive action or a legislative program can be judged." He added:

> Obviously, such principles in themselves do not form a complete program of action. There are many appropriate remedies for the abuse of union power which deserve support: the requirement that all strikes must be authorized by Government-supervised secret ballot; the requirement that all official sources of conciliation and mediation must be exhausted before a strike is permitted; a reasonable provision for the public accounting of union funds—all these are details which may well find their place in a final national labor program.

Inflationary Rampage Seen Not Inevitable

The implications of wage increases, heavier taxation, and the effect of Government buying were discussed on Saturday night, Nov. 15, by Henry Bruere, President of the Bowery Savings Bank, New York, speaking over the Red Network of the National Broadcasting Company. Mr. Bruere is serving as liaison officer between the Treasury and mutual savings banks of the country, in furthering the distribution of Defense Savings Bonds. He touched upon an encouraging note when he said, "It is not inevitable that prices should rise so fast the cost of living will go on an inflationary rampage. But it is inevitable that there must be some increase in the cost of living. Indeed, some increase has taken place as a result of all this new spending. Wage increases, new and heavy taxes, and the great Government buying program, all have that effect. Mr. Bruere continued:

> But it is or should be possible to put a reasonable brake on future rises. That is the purpose of the President's new tax proposal. Taxes would shave down civilian spending power and lessen competition for goods. Another way suggested to put on the brakes is by price control. Already the Government has fixed so-called ceilings for certain prices and that method seems to be working well. Suppliers are giving their patriotic cooperation to the Government's proposal. What has been done is not enough. Accordingly, Congress is considering price control regulation which will put further checks on the tendency of prices to soar when demand is extraordinarily heavy. A further way to control prices is by rationing. The countries at war are rationing, allowing you to have only so much of this and so much of that—according to quantity available. I am told that rationing works well in England—the people are not complaining there—and I have heard intelligent persons here in America say they would be glad to try rationing if the Government would take the lead.
>
> But there is another step, short of rationing, that may be taken and that step is voluntary self-control in buying and avoidance of any form of hoarding. One good way to impose that self-control is to save rather than to spend. Another way is just not to buy articles of the so-called necessity class that compete with Government needs or of which the supply is scarce. I do not intend to preach a sermon on this subject, but only to suggest it as a way of reducing the need of more unpleasant remedies.
>
> * * *
>
> Those of us who have not been unemployed and who have had an opportunity to buy the things we needed during the years of depression, should take the lead in self-rationing. The rank and file of the American people can do a great deal to check so-called inflationary prices and a rapid upward swing in the cost of living by intelligent self-control and careful management in buying. But, I repeat, the Government must help by giving us adequate information.

To Prepare Production Programs For Industry

The Supply Priorities and Allocations Board on Nov. 7 took the first step toward the replacement of the present priority system with an "all-out allocations program," when it ordered the Office of Production Management to prepare reports on the production requirements for 1942 for the various industries of the country. The OPM immediately issued an administrative order setting up the machinery by which the program is to be developed and issued an order revising the procedure for handling preferred ratings, effective Dec. 1.

Regarding these actions the Associated Press reported:

> In broader terms, the OPM was given the job of surveying the available amount of every critical material; of determining how much of each material goes into each product, whether for military, industrial or civilian use; of allocating supplies for Army and Navy items and essential civilian needs; and, finally, of distributing what remains among non-essential industries.
>
> "It will, of course, take a good deal of time to get the entire program into effect," a SPAB announcement said.
>
> "As it gradually emerges, however, the program will give greater certainty to American business and industry; and it will also mean that defense officials will have a clear overall picture of the nation's total requirements for raw materials."
>
> SPAB previously had authorized its executive director to get detailed requirements statements for the armed services, the merchant ship program and lend-lease.
>
> Of importance in the announcement was a stipulation that OPM should develop the program so that "minimum quantites of the needed materials would be assured to essential industries whose operations are curtailed."
>
> This was a considerable step beyond OPM's previous approaches to the allocation system. On the basis of need, certain raw materials such as aluminum, magnesium, copper, nickel and synthetic rubber now are being allocated to defense industries.

February Auto Output Reduced 56.1% By OPM

The Office of Production Management on Nov. 19 ordered passenger automobile production in February reduced 56.1% below the level of last February. Leon Henderson, Director of the OPM Division of Civilian Supply, warned that the cut might be greater because of increasing demands for steel and other critical materials.

The production maximums will allow the manufacture of 174,122 cars in February, compared with 396,521 in the same month this year.

For the first seven months of the 1942 model year, which began Aug. 1, maximum production will be 1,402,187 cars, compared with 2,325,038 produced in the corresponding period of 1940-41—an over all reduction of 39.7%. A reduction of 26.5% was ordered for August, September, October and November, 48.4% for December and 51% for January.

Public And Private Debt Up 3.2% In 1940

Public and private debt in the United States aggregated 167.3 billion dollars as of Dec. 31, 1940, an increase of 3.2% compared with 1939, the Department of Commerce reported Nov. 17. Net indebtedness per capita for the year was $1,263 compared with a high of $1,406 in 1930 and a low of $1,184 during the 1929-1940 period, it was said.

According to an article in the November issue of the "Survey of Current Business," an official publication of the Department, the increase in net private indebtedness of all types amounted to 3.6 billion dollars for 1940, or 3.2% above 1939. Private debt, it was said, increased more than public debt, both in dollar amount and in percentage terms. An announcement of the Commerce Dept. also said:

> All the major types of private debt, except farm mortgages, increased during 1940. The most striking debt increase during the year occurred in outstanding consumer credit which advanced by 12.8% to $9.1 billion. About one-half of the increase represented heavier automobile financing, the Department reported.
>
> The increase of 1.3 billion dollars in corporte short-term debt during 1940 was concentrated among industrial companies and flowed chiefly from the need of business for additional working capital.
>
> Although some increase in current business indebtedness is characteristic of economic expansion, this unusually large rise in corporate short-term debt relative to the rise in national income is evidence of the changes in character of production necessitated by the rearmament program and of the preparation for further business expansion during 1941, it was said.
>
> Certain major trends in the debt structure of the United States, extending over the 12-year period since 1929, are evident, the Department reported. Public debt has risen each year in this period although the increase is considerably more moderate than is evident from the gross public debt figures, the Department reported.
>
> In each year since 1929, an increasing portion of the public debt has either been held as an asset in various Government accounts or offset by loans receivable from the public. This latter offset against the public debt is indicative of the increasing importance of government as a financial intermediary, borrowing funds from the public and relending to farmers, home purchasers, and business enterprises in need of additional credits not readily obtained through traditional channels.
>
> A substantial part of the rise in public debt since 1933 has thus resulted from a substitution of public for private credit.

Carmody Nominated

President Roosevelt on Nov. 19 nominated Federal Works Administrator John M. Carmody to be a member of the United States Maritime Commission. Stephen T. Early, White House Secretary, explained that Mr. Carmody, because of ill health, had written to the President requesting to be relieved of his duties as Federal Works Administrator and transferred to a less arduous task.

Mr. Carmody was nominated to fill the unexpired term of John J. Dempsey, who resigned from the Commission to become Under-Secretary of the Interior.

Higher Taxes On Low Incomes Opposed By Vice-President Of N. Y. Reserve Bank

Opposition to an increase in taxes on low incomes now to head off inflation because he believed that mass consumption did not yet constitute a danger to the country's resources was voiced on Nov. 26 by Dr. John H. Williams, Vice-President of the Federal Reserve Bank of New York. Dr. Williams, who is also dean of the Graduate School of Public Administration and Professor of Political Economy at Harvard University, addressed the closing session in New York of the 27th annual Church Pensions Conference in the Hotel Pennsylvania. In his remarks, which we learn were extemporaneous, he asserted that good management was the most important device with which to fight inflation, according to the New York "Times," which also said that he expressed himself as in favor of the tax increases thus far enacted. The "Times" further indicated his remarks as follows:

> In opposing proposals to raise the levies on low incomes, however, he predicted that such incomes would continue to be spent on food and housing. He pointed out that there was no shortage of food and, referring to the question of good management, he declared that if there was a shortage of steel it was no reason for restriction of the use of food.
>
> The speaker described inflation as "one of those things about which people get religion" and in part a "state of mind," and that as a result persons were prone to too much action and not enough deliberation in taking steps against it. He said he did not hold with those "who are very much alarmed" at the situation in this country, but that on the other hand he was more alarmed about inflation than some of his colleagues.
>
> The present price rise is no cause for anxiety, Dr. Williams continued, because it has been only about 20% so far, a movement which happens often in peacetime. He declared, however, that war expenditure was moving faster than expected and that national income also was moving faster than predicted, both having an unparalleled rate of expansion.
>
> Dr. Williams assailed the Government's labor and agricultural policies, declaring that they were "the biggest mistakes" made by the Government in facing the threat of inflation. Pointing out that against the general price rise of 20%, agricultural prices had risen 50%, he asserted that the Government's action in holding up the prices of farm products was "indefensible," particularly when the Government held surplus stocks of farm commodities which it could put on the market.
>
> Dr. Williams also attacked the "grab-bag philosophy of Government," by which the farm bloc is asking exemption from price control, and the Government's policy of "buying off trouble by granting wage increases." He said pay rises had been ahead of the general price upturn and that this created inflationary pressure.

Lend-Lease For Cuba

The United States and Cuba have signed a lend-lease agreement, it was disclosed on Nov. 7 by Secretary of State Hull. No details of the agreement nor the amount involved was revealed. However, Mr. Hull said that Cuba will receive defense materials and the United States will acquire raw materials, such as sugar, tobacco and manganese. The arrangement is said to be similar to that worked out with other Latin American countries.

Canadian Activity Due To War Demands

A survey of economic conditions in Canada during the first nine months of 1941 reveals a great increase in activity due to war demands upon production facilities, according to the current "Business Summary" of the Bank of Montreal dated Nov. 22. The Canadian national income, says the bank, rose nearly 11% compared with the same period last year, amounting to $3,891,000,000 in the first nine months of 1941 against $3,511,000,000 in the corresponding period of 1940. The official index of the physical volume of business during the 1941 period averaged 133.8, an increase of nearly 13% over the high level attained in the same period of 1940. The rise was most marked in manufacturing production, where an 18-point increase was recorded, the bank reports, and it adds:

> Canada's external trade in the same period, also reflecting war conditions, showed substantial betterment, exports rising in value (gold excluded) from $869,000,000 to $1,185,000,000, a rise of 36.3%. Imports increased by an equal percentage to $1,048,000,000. Exports were $137,000,000 greater in value than imports as compared with an excess of $101,000,000 in the corresponding nine months of last year. Net exports of non-monetary gold were up 2.2%.
>
> The month of October lifted the value of commodity exports to a still higher level. The total, excluding gold, was $138,129,000. The British Ministry of Food has announced the purchase of 120,000,000 bushels of wheat from the Canadian Wheat Board, designed to supplement stocks depleted due to shipments to Russia. Figures for imports for the month are not yet available, but in September they amounted to $136,991,000.
>
> The trend of commodity prices continues upward by fractional weekly rises. For the week ended Nov. 7, the wholesale index, at 94.0, was 10.3 points above the figure for the parallel week of 1940. The cost of living index rose from 114.7 to 115.5 during the month ended Oct. 1 and this increase brought the total advance in the cost of living since the outbreak of the war up to 14.6%.

Opposes Waterway

Incident to the discussion regarding Canada's position with respect to the St. Lawrence Waterway and power project the financial obligations involved and other considerations are the subject of a pamphlet written by H. Michell, M.A., Professor of Political Economy at McMaster University, Toronto. Professor Michell arrives at the conclusion that Canada, "with all the good will in the world, cannot afford to participate in this great and costly project." It is pointed out by the National St. Lawrence Project Conference, a nation-wide organization in opposition to the project that editorial opinion in Canada emphasizes that the Dominion's war effort, heavy taxation and the necessity of continued aid to the British Government constitute such a strain on the Dominion's resources that Canada cannot now undertake the huge expenditures involved in construction of her share of the project.

Text Of Lend-Lease Appropriation Act

Below we are giving the text of the $5,985,000,000 second "lend-lease" appropriation bill (insofar as it relates solely to defense aid) which became law on Oct. 28 when President Roosevelt affixed his signature. This measure, cited as the "Defense Aid Supplemental Appropriation Act, 1942," received final Congressional approval on Oct. 27 when the Senate and the House adopted a conference report. The House passed the legislation on Oct. 10 by a 328 to 67 vote whereas Senate approval came on Oct. 23 by a vote of 59 to 13. The President requested the $5,985,000,000 fund on Sept. 18 in order that there be "no interruption in the flow of aid to those countries whose defense is vital to our own." The fund is supplemental to the original $7,000,000,000 appropriated for the lend-lease program last March (the text of this appropriation measure may be found in our issue of April 5, 1941, page 2151).

Also included in the legislation is a second section covering approximately $177,000,000 in miscellaneous deficiency appropriations for various Governmental departments and agencies. However, we are not giving these figures as many of them are of minor consequence in comparison with the first part of the law.

Signing of this measure by the President was reported in these columns of Nov. 6, page 943.

Following is the text of the Act as it relates to the $5,985,000,000 appropriation:

[Public Law 282—77th Congress]
[Chapter 460—1st Session]
[H. R. 5788]

AN ACT

Making supplemental appropriations for the national defense for the fiscal years ending June 30, 1942, and June 30, 1943, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the national defense for the fiscal years ending June 30, 1942, and June 30, 1943, and for other purposes, namely:

Title I—Defense Aid

Sec. 101. To enable the President, through such departments or agencies of the Government as he may designate, further to carry out the provisions of an Act to promote the defense of the United States, approved March 11, 1941, and for each and every purpose incident to or necessary therefor, the following sums for the following respective purposes, namely:

(a) For the procurement, by manufacture or otherwise, of defense articles, information and services, for the government of any country whose defense the President deems vital to the defense of the United States, and the disposition thereof, including all necessary expenses in connection therewith, as follows:

(1) Ordnance and ordnance stores, supplies, spare parts, and materials, including armor and ammunition and components thereof, $1,190,000,000.

(2) Aircraft and aeronautical material, including engines, spare parts, and accessories, $685,000,000.

(3) Tanks, armored cars, automobiles, trucks, and other automotive vehicles, spare parts, and accessories, $385,000,000.

(4) Vessels, ships, boats, and other watercraft, including the hire or other temporary use thereof, and equipage, supplies, materials, spare parts, and accessories, $850,000,000.

(5) Miscellaneous military and naval equipment, supplies, and materials, $155,000,000.

(6) Facilities and equipment for the manufacture, production, or operation of defense articles and for otherwise carrying out the purposes of the Act of March 11, 1941, including the acquisition of land, and the maintenance and operation of such facilities and equipment, $375,000,000.

(7) Agricultural, industrial, and other commodities and articles, $1,875,000,000.

(b) For testing, inspecting, proving, repairing, outfitting, reconditioning, or otherwise placing in good working order any defense articles for the government of any country whose defense the President deems vital to the defense of the United States, including services and expenses in connection therewith, $175,000,000.

(c) For necessary services and expenses for carrying out the purposes of the Act of March 11, 1941, not specified or included in the foregoing, $285,000,000.

(d) For administrative expenses, $10,000,000.

(e) In all, $5,985,000,000, to remain available until June 30, 1943.

(f) Each of the foregoing appropriations shall be additional to, and consolidated with, the appropriation for the same purpose contained in sections 1 (a), 1 (b), 1 (d), and 1 (e), respectively, of the Defense Aid Supplemental Appropriation Act, 1941: Provided, That, with the exception of the appropriation for administrative expenses, not to exceed 20 per centum of any such consolidated appropriations may be transferred by the President to any other of such consolidated appropriations, but no such consolidated appropriation shall be increased more than 30 per centum thereby.

Sec. 102. The President may, from time to time, when he deems it in the interest of national defense, authorize the head of any department or agency of the Government, to enter into contracts for the procurement of defense articles, information, or services for the government of any country whose defense the President deems vital to the defense of the United States, to the extent that such government agrees to pay the United States for such defense articles, information, or services prior to the receipt thereof and to make such payments from time to time as the President may require to protect the interests of the United States; and, upon payment of the full cost, the President may dispose of such articles, information, or services to such government: Provided, That the total amount of the outstanding contracts under this section, less the amounts which have been paid to the United States under such contracts, shall at no time exceed $600,000,000.

Sec. 103. Any defense article procured pursuant to this title shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in the judgment of the President the defense of the United States will be best served thereby.

Sec. 104. This title may be cited as the "Defense Aid Supplemental Appropriation Act, 1942."

Approved Oct. 28, 1941.

James J. Hoey Dead

James J. Hoey, Collector of Internal Revenue for the Second New York District and prominent in the insurance field, died on Nov. 10 in a Baltimore hospital from a cerebral hemorrhage. His age was 63. Mr. Hoey was appointed Internal Revenue Collector for the Second District (the richest tax-producing area in the country) by President Roosevelt late in 1933. A native of New York City, Mr. Hoey had been in the insurance business since 1904. In recent years he was a member of the firm of Hoey, Ellison & Frost, general insurance agents. His career included several years as a member of the New York State Assembly and four years as Deputy State Superintendent of Insurance. Mr. Hoey had also been prominent in Democratic political circles, having been floor leader for Alfred E. Smith at the 1924 and 1928 national conventions. At one time he was a member of the executive committee of the National Democratic Committee.

Ceiling Over Hardware

The Office of Price Administration on Nov. 13 ordered ceilings for a wide variety of builders' hardware supplies to become effective Nov. 19. The order directed that manufacturers and jobbers stabilize prices at levels prevailing on Oct. 21. Although the order excepted retailers, Price Administrator Leon Henderson explained that, "for retailers to attempt to take advantage of an emergency situation by compelling the public to pay unreasonable prices for the essential articles now brought under an OPA ceiling would be profiteering. It is the duty of my office to see that this does not take place." While the new schedule became necessary as a result of the copper conservation order of Oct. 21, it is not confined to articles made wholly or partly of copper or brass but extended to all products named no matter what material is used in their manufacture. The list included such products as 20 types of door locks, eight types of knobs and handles, 13 types of hinges, 16 miscellaneous items of door hardware, 10 classes of window hardware, five of screen hardware, transom chains, snap catches and other miscellaneous articles.

Chicago Home Bank Loans

The home-owner borrowings from all sources in Illinois and Wisconsin tapered slightly off from the $40,000,000-a-month level of the April-July period, but in August were still $10,000,000 higher than in the same month the year before, the Federal Home Loan Bank of Chicago reported on Nov. 8. The figures on home mortgages recorded in the two states include all mortgages of $20,000 and under, it is said. In August, the bank points out, 11,297 different persons in the two States borrowed $37,314,000 on the security of homes. Dependence on savings, building and loan association as a source of funds was heavier than in any previous month of 1941, 37.8% of all the dollars borrowed being from these community institutions. Despite the $1,800,000 decrease in total borrowings from all sources between July and August, the dollar volume of loans from these institutions was only $180,000 less than in July.

Named N. A. M. Counsel

Raymond S. Smethurst, Washington, D. C. attorney and an authority on Government-industry relations, was recently named Counsel of the National Association of Manufacturers. Mr. Smethurst, a native of Marblehead, Mass., and a graduate of Harvard and George Washington Universities, has been associated with the NAM's legal staff in Washington for eight years, since 1937 as Associate Counsel. Prior to that he was engaged in private practice in Washington.

As Counsel, Mr. Smethurst succeeds John C. Gall who resigned on Nov. 1; reference to Mr. Gall's resignation was made in these columns of Oct. 16, page 620.

Morgenthau Explains No Change In Taxes On 1941 Income Is in Contemplation

No change in income taxes on this year's incomes of either individuals or corporations is planned by the Treasury Department, according to Secretary Morgenthau, who on Nov. 27 said he was making this announcement (according to the Associated Press) in order to satisfy numerous inquiries from the public resulting from confusion about new tax proposals now being formulated by the Treasury and in Congress. The Associated Press further said:

So far as the Treasury is concerned, he said, any recommendations about new taxes would not apply to 1941 incomes.

The Secretary declined again, however, to give any details of the tentative Treasury proposals for next year. He refused also to comment on a public suggestion of Chairman Marriner S. Eccles of the Federal Reserve Board that the new taxes "tap the long purses rather than the short ones."

Mr. Eccles said he preferred higher taxes on corporations and the higher and middle individual income brackets rather than additional levies on the incomes of the lower income group. Unofficial reports have indicated that the Treasury might propose heavier taxes on the low income groups.

Mr. Morgenthau remarked that Mr. Eccles had not sent him a copy of the speech and he had not read it. It was delivered Tuesday night [Nov. 25] in New York.

* * *

While declining to express any opinion regarding suggestions for a compulsory savings program, Mr. Morgenthau said such proposals were being considered along with all other methods of preventing inflation.

In his announcement that the Treasury sought no changes in 1941 income taxes, the Secretary said that applied particularly to the tax on capital gains and losses. Apparently, many persons with securities investments were curious about this tax because they wished to determine whether or not they ought to make purchases or sales of securities before the end of the year in order to clarify their tax position.

At the Capitol it was disclosed that a $4,500,000 fund asked by the Treasury for collection and enforcement of the $5 automobile use tax had been stricken from an omnibus deficiency bill by a House appropriations subcommittee.

Representative Johnson, Democrat, of Oklahoma, said the sub-committee instructed him to talk to House leaders, advising them of the step and urging support of his bill to repeal the use tax. The sub-committee's action, while by a unanimous vote, is subject to review by the full appropriations committee.

Early in November it was reported that the Treasury proposed that Congress immediately embark on a tax program which would yield $4,800,000,000 through still higher social security taxes and a new income tax levy to be deducted from payrolls by employers. At that time [Nov. 5] United Press accounts from Washington said:

A member of the House Ways and Means Committee said the Treasury proposed a 15% rate for the new at-the-source income tax. He said the levy would not be applied on the total wage or salary, however; instead, normal personal income tax exemptions would be deducted before the tax is computed.

The proposed income taxes would become effective Jan. 1, 1942. They would not be retroactive, thus applying only to 1942 income. The Social Security payroll tax increases become effective whenever they are enacted.

The program, as revealed by Congressional sources, calls for:

1. The at-the-source income, or withholding tax. Its yield was estimated at from $2,000,000,000 to $3,000,000,000, depending on the rate finally adopted.

2. Imposition of a 1% payroll tax on employees, to be withheld and paid by employers, for the Social Security system's unemployment compensation fund. This would bring in $450,000,000.

3. A 1% increase in payroll taxes on both employers and employees for the old-age pension fund. The tax now is 1% on each; the program would raise the rate to 2% on each. The yield was estimated at $900,000,000.

The program was presented informally to the House Ways and Means Committee by Secretary of the Treasury Henry Morgenthau, Jr., and Assistant Secretary John L. Sullivan.

Pointing out that Mr. Eccles' ideas, outlined before the National Industrial Conference Board, differ from earlier Treasury proposals in several important respects, Washington accounts to the "Wall Street Journal" of Nov. 27 stated:

Mr. Eccles suggested that the Treasury's proposed "withholding tax" be deferred until heavier corporation and individual taxes under present tax methods have been applied. He suggested also that the loopholes in present tax laws be tightened before the sweeping new tax ideas of the Treasury are tried out.

Mr. Eccles also favors wage controls, which have been publicly opposed by Secretary of the Treasury Morgenthau.

The Associated Press on Nov. 25 stating that Mr. Eccles called for heavier taxes upon corporations and on the wealthy before levying upon the lower income groups, added:

He did not specify who might be advocating taxing the poor, but reports of Treasury proposals emphasized increased social security levies and a new type of income tax on weekly wages.

"From the standpoint of public morale," Mr. Eccles said before National Industrial Conference Board, "it is essential the long purses be tapped first and heaviest, and that there be no attempt to shift the tax burden to the lowest income groups. Only when those at the top of the income scale have been made to bear their full share of the tax load can reaching into the shorter purses be justified."

He added Congress should pass a price control law with "some curbs to repeated demands for wage and salary increases, as well as to agricultural prices."

Observing that Secretary Morgenthau said recently that stiffer social security taxes may be recommended to Congress, advices from Nicholas P. Gregory, from Washington Nov. 25 to the New York "Herald Tribune," said:

As a result of the Secretary's studies, it is reported Mr. Roosevelt has held up his social security message, which was to have been submitted sometime in the latter part of last month.

SEC Issues Two Industry Reports

The SEC made public on Nov. 22 the third of a new series of industry reports of the Survey of American Listed Corporations. These reports cover the calendar years of 1939 and 1940 and extend earlier reports which generally covered the period 1934-1939. Balance sheets and profit and loss statements, expressed both in dollars and percentages, as well as surplus statements and financial ratios are presented for individual companies and for the industry group as a whole in uniform tabular form which permits easy reference and comparison. Report No. 3 covers 18 companies engaged primarily in the manufacture of metal working machinery which had securities registered under the Securities Exchange Act of 1934 at Dec. 31, 1940. This group of registrants is made up of manufacturers of machine tools and accessories, machinist's precision tools and other metal working machinery. The 18 corporations included in this group are:

Allied Products Corp.
Birdsboro Steel Foundry and Machine Co.
The Black and Decker Manufacturing Co.
The Bullard Co.
Ex-Cell-O Corp.
The McKay Machine Co.
Mesta Machine Co.
Micromatic Hone Corp.
Mid-West Abrasive Co.
The Monarch Machine Tool Co.
The National Acme Co.
Simons Saw and Steel Co.
South Bend Lathe Works
The L. S. Starrett Co.
Sundstrand Machine Tool Co.
Union Twist Drill Co.
United Engineering and Foundry Co.
Van Norman Machine Tool Co.

The SEC report stated:

The combined sales reported by the group were $144,000,000 in 1940 compared with $82,000,000 in 1939. Net profit after all charges totaled $22,000,000 in 1940 against $11,000,000 in 1939, equivalent to 15.1% and 13.8% of sales or 26.9% and 15.9% of net worth at book value. Total dividends paid out by these enterprises were $12,000,000 in 1940 compared with $6,700,000 in 1939. The combined assets of these 18 enterprises totaled $119,000,000 at the end of 1940 compared with $94,000,000 at the end of 1939, while surplus increased to $56,000,000 at the end of 1940 from $47,000,000 at the end of 1939.

Regarding the second of the series of industry reports, made public Nov. 14, the SEC said:

Report No. 2 covers companies engaged primarily in the manufacture of aircraft and aircraft equipment which had securities registered under Securities Exchange Act of 1934 at Dec. 31, 1940. This group of registrants comprises practically all of the large companies in this industry which were important during the period covered, but it does not include the automobile and other manufacturers engaged in the manufacture of aircraft parts.

The 31 corporations included, representing 30 enterprises (one of these corporations, Wright Aeronautical Corp., is a subsidiary of Curtiss-Wright Corp., and is included in the consolidated financial statement of its parent), are:

Air Associates, Inc.
Aircraft Accessories Corp.
The Aviation Corp.
Beech Aircraft Corp.
Bell Aircraft Corp.
Bellanca Aircraft
Boeing Airplane Co.
Breeze Corporation, Inc.
Brewster Aeronautical Corp.
Consolidated Aircraft Corp.
Curtiss-Wright Corp.
Douglas Aircraft Company, Inc.
Fairchild Aviation Corp.
Fairchild Engine and Airplane Corp.
Grumman Aircraft Engineering Corp.
Irving Air Chute Co., Inc.
Lockheed Aircraft Corp.
The Glenn L. Martin Co.
Menasco Manufacturing Co.
North American Aviation, Inc.
Republic Aviation Corp.
The Ryan Aeronautical Co.
Solar Aircraft Co.
The Sperry Corp.
United Aircraft Corp.
United Aicraft Products, Inc.
Vega Airplane Co.
Vultee Aircraft, Inc.
The Waco Aircraft Co.
The Warner Aircraft Corp.
Wright Aeronautical Corp.

The Commission's announcement contained the following figures:

For 28 of these comparable data are available which show combined sales of $592,000,000 in 1940 as compared with $279,000,000 in 1939. Net profit after all charges totaled $71,000,000 in 1940 against $34,000,000 in 1939, equivalent to 12.0 and 12.1% of sales or 35.0 and 21.4% of net worth at book value. Total dividends paid out by these enterprises were $33,000,000 in 1940 against $21,000,000 in 1939. The combined assets of these 28 enterprises totaled $880,000,000 at the end of 1940 compared with $328,000,000 at the end of 1939, while surplus increased to $164,000,000 at the end of 1940 from $109,000,000 at the end of 1939.

Single copies of these reports may be secured without charge by request to the Publications Unit of the SEC, Washington, D. C.

SEC On Manipulation

In an opinion made public on Oct. 27 by the Securities and Exchange Commission, Chester T. Lane, General Counsel of the Commission, discussed the circumstances which which a broker who has raised the market price of a security in the course of accumulating a long position in that security may be held to have violated the anti-manipulation provision of the Securities Exchange Act. Advices to the "Wall Street Journal" from its Washington bureau, from which we quote indicated as follows the views expressed by Mr. Lane.

Mr. Lane's opinion deals with the hypothetical case of a broker who accumulates a block of securities for purposes of later resale. In such a situation, Mr. Lane states, the broker's purchases frequently may raise the market price of the security. If the broker begins to sell the security at a time when the market still reflects the effects of his activity, "the natural inference" would be that he had raised the market price for purposes of manipulation, Mr. Lane said.

However, where the broker refrains from selling for a sufficient length of time after his purchases so that the market price of the security no longer represents a price for which he is responsible, his failure to take advantage of the market price resulting from his buying would tend to show that he had not caused the rise in the market prices for manipulative purposes, it was stated. The opinion applies both to exchange securities and to dealings over-the-counter.

The opinion was prompted by inquiries from a broker as to the legality of certain transactions which he proposed to effect in the stock of an unnamed corporation. The stock in question is listed on a securities exchange.

Dedication of Peace Monument At Belle Isle

At the dedication of the International Peace Monument at Belle Isle, on Nov. 11, the two principal speakers were J. Pierrepont Moffat, United States Minister to Canada, and Leighton McCarthy, Canadian Minister to the United States.

Both speakers, said the Detroit "Free Press," stressed the ideal for which the monument was erected and prayed for continuance of the spirit of good will and understanding to which it was dedicated. From the "Free Press" we also quote:

"While we talk in the name of peace, men of Canada and the United States are giving their lives in battle—yet we need feel no sense of incongruity for these men who fight in the cause of peace," Mr. McCarthy said. "If we meet here in the name of peace we also meet in the name of liberty—the true mother of peace which must ever be defended anew if it is to endure."

Mr. Moffat declared that the 129 years without strife between the two countries had been possible because of the lack of points of difference.

In Associated Press accounts from Detroit Mr. Moffat was reported as saying:

"The monument before which we stand," he said, "is a constant reminder that the hopes of the past have been realized, that we have traveled successfully the long path which has led to our present identity of views, above all to our identity of aspirations for the future."

In the same advices it was also stated:

Mr. Moffat described the Ogdensburg Declaration as the first step by the two countries "which recognized that our defenses represented part and parcel of the same problem."

"This was not a treaty and involved no commitment, yet it represented more than a mere act of governments; it represented a response to two popular wills," he said.

"A second development in Canadian-United States relations," Mr. Moffat said, "was the Hyde Park Declaration," which he called "the economic corollary of Ogdensburg."

"The spirit that created these measures brought about 126 years of peace between us, or looked at from another angle, this long period of peace and friendship was the foundation on which these visible proofs of friendship were erected," Mr. Moffat said.

Mr. McCarthy lauded the joint efforts of President Roosevelt and Prime Minister Mackenzie King to bring about closer cooperation between the United States and Canada.

"The Ogdensburg agreement, a simple piece of paper that did not even bear their signatures," Mr. McCarthy said, "converted this whole continent into one strong fortress against the forces of barbarism.

"The declaration of Hyde Park is making of it one great arsenal to arm the slender line that hems these forces in."

The monument, valued at about $20,000, was the gift, it is stated, of the members of the monument-builders' industry of the United States.

Buys Defense Bonds

The Ohio Society of New York, the oldest and largest State Society in the country, has announced its purchase of United States Defense Bonds of $5,000 par value, through The Continental Bank & Trust Co. of New York. Founded in 1885, the Ohio Society of New York includes among its 1,000 members many leaders in the business and financial fields. Rev. Dr. Ralph W. Sockman is President.

Dodge 1942 Building Estimate 32% Under 1941

The dollar volume of construction in 1942 is likely to be greater than that of any post-depression year except 1941, according to F. W. Dodge Corporation in a statement issued Nov. 30. Estimating that the recorded total of contracts in the 37 Eastern States will approximate $6,130,000,000 during the current calendar year, Dodge anticipates a 1942 total of $4,185,000,000 or better. This 1942 estimated total, if attained, will exceed that of the year, 1940, by a fair margin. An announcement issued by the Dodge Corp. goes on to say:

The 1942 estimates do not include any figure for an enlarged land-army cantonment program although the statement explained that such a program might be launched almost any date; since the Dodge estimates were made up, a new army appropriation bill, including a large item for cantonments, was introduced in Congress.

Estimated declines from 1941 of 22% in dollar volume of non-residential building, of 40% decline in dollar volume of residential building, and of 36% in heavy construction investment, result in an over-all estimated dollar volume decline of 32%. While the residential building decline in dollar volume is estimated at 40%, the decline in family dwelling units is estimated at only 27%; residential building in 1942 may be expected to consist almost entirely of low-priced units. The Dodge estimates, as explained in the statement, indicate somewhat more serious declines than estimates that have been issued by OPM, and may with fair safety be taken as minimum figures for next year's anticipated activity.

Commenting on the 1942 construction outlook, Thomas S. Holden, President of F. W. Dodge Corporation, said: "The over-all statistical picture indicates a generally good construction year. Direct construction for Army, Navy and air forces, defense plants, warehouses and storage depots, defense highways and defense housing will all appear in large volume. Increased defense construction, however, is offset by fairly drastic curtailment of non-defense activity. Recent orders of SPAB and OPM have the effect of channeling a controlled program into specialized types of projects largely confined to defense areas. Nondefense areas will apparently have little more than repair and maintenance work; many members of the construction industry will not find work on defense projects and some manufacturers of metallic building products will have severe curtailment of output. The impact of all-out defense upon the industry will be most unevenly distributed."

VALUE OF TOTAL CONSTRUCTION CONTRACTS—37 EASTERN STATES

Classification—	1940 Act. Millions of Dollars	1941 Estimate Millions of Dollars	1941 Estimate % Change from '40	1942 Estimate Millions of Dollars	1942 Estimate % Change from 1941 Est.
Commercial Buildings	318	490	+ 54	330	—33
Manufacturing Buildings	442	1,175	+166	1,175	0
Educational Buildings	147	145	— 1	90	—38
Hospital & Institutional	94	100	+ 6	75	—25
Public Buildings	80	85	+ 6	15	—82
Religious Buildings	46	55	+ 20	15	—73
Social & Recreational	63	80	+ 27	50	—37
Miscellaneous Non-Residential	104	250	+140	110	—56
Total Non-Residential	1,294	2,300	+ 84	1,860	—22
Apartments, Hotels & Dorms	331	255	— 23	100	—61
One- & Two-Family Houses	1,155	1,625	+ 41	1,075	—34
Other Shelter	111	160	+ 44	50	—69
Total Residential	1,597	2,040	+ 28	1,225	—40
Total Building	2,891	4,420	+ 53	3,085	—30
Total Public Works & Utilities	1,112	1,710	+ 54	1,100	—36
Total Construction	4,003	6,130	+ 53	4,185	—32

Board Finds Industrial Inventories And Shipments At New Peaks In October

The value of manufacturers' inventories continued to increase in October to a new high level, according to the monthly report of the Division of Industrial Economics of The Conference Board, issued Nov. 28. Shipments also advanced to a new peak. New orders increased, following declines in the preceding two months. Unfilled orders were virtually unchanged. The Board's report further stated:

Inventories

The index of inventories, after adjustment for seasonal variation, increased to 154.4 (1935-1939 equals 100) from 151.2 for September, a gain of 2.1%. Compared with October, 1940, it showed a gain of 25.8%, while the increase for the war to date amounted to 52%. A part of that advance is attributable to the higher level of prices.

Inventories of non-durable goods producers advanced more sharply than those of durable goods manufacturers. The principal gains in the non-durable goods group occurred in boots and shoes, clothing, paper and textiles. The advance for durable goods producers was led by the electrical equipment and machinery industries while declines were shown for the non-ferrous metals, automotive equipment, iron and steel and metal products industries.

Shipments

Following no change for two months, the Board's seasonally adjusted index of shipments (1935-1939 equals 100) rose to 211 from 202 in September and showed a gain of 44% over the level of October, 1940. The durable goods index rose to 241, 3% higher than in September as compared with a 5% rise in the non-durable goods index to 177. Both were higher than ever before. The largest gains occurred in boots and shoes, textile, housefurnishings, railroad equipment and machinery.

New Orders

New orders in October recovered to about the August level but were still moderately below the peak reached last July. The seasonally adjusted index was 248, 7% higher than in September and 25% above the October, 1940, figure. Compared with its 1940 low point, it showed an increase of 132% which is about the same as the advance for the entire war period. Substantial gains were reported by machinery, electrical equipment, paper and boot and shoe manufacturers.

Unfilled Orders

The unfilled orders index was practically unchanged at 528, as compared with 531 in September and 229 in October, 1940. The record high point was 537 for last August. The unfilled orders of durable goods manufacturers gained slightly but those of non-durable goods producers declined.

The following table gives The Conference Board's indexes of the value of manufacturers' inventories, shipments, new orders and unfilled orders for October, for the preceding month and for the corresponding month of 1940, together with percentage changes. These indexes, all based on the 1935-1939 monthly average as 100, are adjusted for seasonal change.

INDEXES OF INVENTORIES, SHIPMENTS AND ORDERS—OCTOBER, 1941

(1935-1939 = 100)

	Oct., 1941	Sept., 1941 (revised)	Oct., 1940	Percent Change from Sept., 1941 to Oct., 1941	Percent Change from Oct., 1940 to Oct., 1941
Inventories	154.4	151.2	122.7	+ 2.1	+ 25.8
Durable goods	169.5	167.6	128.3	+ 1.1	+ 32.1
Non-durable goods	133.2	128.8	115.8	+ 3.4	+ 15.0
Shipments	211	202	147	+ 4	+ 44
Durable goods	241	233	164	+ 3	+ 47
Non-durable goods	177	168	129	+ 5	+ 37
New orders	248	231	198	+ 7	+ 25
Unfilled orders	528	531	229	—1	+ 131

1942 Construction Outlook Appraised

In spite of the hazards which the building industry will have to face, it is possible to draw certain general conclusions as to the outlook for construction volume in 1942, according to an article by S. Morris Livingston appearing in the Nov. 27 issue of "Domestic Commerce," publication of the Dept. of Commerce.

Viewed in the light of probable defense requirements, earlier estimates of 8½ billion dollars appear to be near the lower limit of the range of probabilities, the article continues. As an upper limit, the total volume is not likely to exceed the 10½ billion dollars being spent this year, but it will be larger than in any other year since 1929. The survey goes on to say:

The most important single factor will be the direct military and naval expenditures for such construction as barracks, air fields, hangars, and naval shore stations, with all the necessary related facilities. Judging by the projects already in sight and the probable needs where projects have not yet been scheduled, construction in these categories will at least equal the approximately 1,850 million dollars being spent this year, and may exceed that figure by a wide margin, in spite of the winding up of the large cantonment program which was started over a year ago. The estimate takes into account the large expenditures necessary to house and service a greatly expanded air force and to provide other facilities commensurate with an all-out defense effort.

Construction of manufacturing facilities is already at a high level. From now on every effort will be made to utilize existing plants before putting up more new buildings. Nevertheless, in view of the planned expansion output of all sorts of war goods, it is difficult to see how industrial construction can fall much below the 1,600 million dollars being spent this year.

If residential building could be limited strictly to that necessary to house the net migration of workers to defense plants, outlays in 1942 would be held to less than half of the 3 billion dollars being spent this year. It is hardly likely, however, that the controls will be quite so rigid or quite so effective. It is possible that housing in defense areas in the "$6,000 and under" classification will about equal this year's figure, while non-defense housing may decline as much as 80 or 90%, giving a total for 1942 of 1.8 billion dollars.

ESTIMATES OF 1942 CONSTRUCTION EXPENDITURES

(In millions of dollars)

	1941	1942
Residential building (non-farm)	$3,050	$1,800
Non-residential building		
Industrial	1,600	1,700
All other (except military)	925	400
Farm (all types, including maintenance)	525	400
Public utilities	900	600
Highways	1,000	700
Other public works	650	400
Military and naval (all types except industrial)	1,850	2,500
	$10,500	$8,500

House Defeats Alien Detention Bill

The House on Nov. 18 refused to pass a bill giving the Department of Justice power to detain aliens who have been ordered deported to their native countries but who cannot be sent back for various reasons. The measure was killed when the House voted 167 to 141 to strike out the enacting clause. Regarding the contents of the bill, United Press Washington advices said:

Sponsored by Representative Hobbs of Alabama, the measure would have empowered the Justice Department's Immigration and Naturalization Service to exercise wide control over aliens. It would have had authority to retain criminal aliens for life, hold deportable aliens up to 150 days and require them to submit to physical and mental examinations at any time.

It would also have excluded aliens trying to enter the country to work in behalf of a foreign government or foreign-controlled organization unless the Department ruled that its activities would not be deleterious to the country's interest.

The measure, approved earlier this year by the House Judiciary Committee, was similar to a bill pigeonholed two years ago by the Senate after it won House approval.

The action came shortly after Attorney General Biddle announced his full support of the bill "in view of the gravity of the emergency which faces the country and because our long-standing policy of deporting undesirable aliens has become inadequate."

Sugar Index Declines

The October distribution of 544,292 short tons as preliminarily reported by the AAA was approximately 100% of a normal distribution, according to the Index of Sugar Distribution prepared by B. W. Dyer & Co., New York, sugar economists and brokers. Their October, 1941, figure of 100 is a decline of 6 points from September and 12 points from the October, 1940, level of 112.

The Dyer firm states that because of increased consumer purchasing power, the rate of actual consumption of sugar has been above normal. Even though deliveries were 100% of normal in October, they were below the rate of actual consumption. Thus invisibles (trade inventories) declined slightly during the month but are still far above the levels prevailing at the beginning of the year.

Brazil And Chile Sign Trade Pact

A reciprocal trade treaty and cultural agreement between Brazil and Chile was signed at Santiago, Chile, on Nov. 18. Foreign Minister Oswaldo Aranha of Brazil said that "these pacts mean absolute security against anything which might occur in Europe or our continent," according to the Associated Press. At the same time this treaty was announced, Santiago advices to the New York "Times" reported that business circles learned that the Central Bank of Chile and the Bank of Brazil had reached an agreement for substantially raising the amounts at present devoted to facilitating trade development between the two countries and for the establishment of a pegged monetary unit for exchange operations.

Brazilian Sugar Output

Brazil produced 1,276,690 short tons of sugar in the year ending Aug. 31, 1941, according to reports received by B. W. Dyer and Co., New York, sugar economists and brokers. This is a decline of 42,183 tons from the previous year's total of 1,318,873 tons. The firm's announcement further said:

Consumption reached a new all-time high of 1,266,916 short tons as compared with 1,195,066 tons in the previous year.

Brazil is normally an exporter of sugar. During the past year exports amounted to 31,689 tons. This is a considerable decline from the total of 73,381 tons in the year ending Aug. 31, 1940.

Stocks as of Aug. 31, 1941 were 123,900 tons, a small decline from the total of 145,836 tons on the same date in 1940.

Portugal Increases Sugar Consumption

Sugar consumption in Portugal during the 12 months ended Aug. 31, 1941, approximated 74,000 long tons, raw value, according to advices received by Lamborn & Co., New York. In the previous corresponding period consumption totaled 71,000 tons. Portugal, a non-sugar producing country, depends for its requirements mainly on its African possessions of Angola and Mozambique. The former's sugar production for 1941-42 is estimated at 44,800 long tons, while the latter's is forecast at 81,700 tons. Both totals represent increases over last year.

New Home Loans

Savings, building and loan associations continued to make practically a third of their volume of loans for new construction as late as August of this year, the United States Savings and Loan League indicated on Nov. 8 in reporting lending activity of the institutions for the month. The disbursement of $129,727,000 to home-builders, buyers, and modernizers made this the fourth most active month of the most active year the thrift and home financing institutions have had since 1929. The amount loaned for all purposes was 10.3% greater than in August, 1940, and only 0.2 of 1% less than the July volume.

Sao Paulo Pays On Bonds

Funds have been received by The Chase National Bank, New York, as special agent to pay holders of City of Sao Paulo (Brazil) 6% external secured sinking fund gold bonds of 1919, due Nov. 1, 1943, 13.325% of the face value of coupons due Nov. 1, 1939, amounting to $3.9975 for each $30 coupon. The payment which, if accepted, is in full payment of the coupon, is now being made at the coupon paying division of the bank, 11 Broad Street, New York.

Chamber Recommends Labor Law Changes

Declaring that strikes in defense industries are seriously retarding rearmament, that they have made draftees feel outraged at the attitude of the unions and that they have impaired national welfare generally, an interim report made public by the New York State Chamber of Commerce on Nov. 25 recommended to Congress seven amendments to the Federal labor laws designed to remedy the emergency situation and also insure a more orderly procedure in peace times. The report which was drawn by the Special Committee on Industrial Problems and Relations will be presented by Lewis R. Gwyn, the Chairman, at the monthly meeting of the Chamber on Dec. 4. The amendments proposed in the report follow:

1. Require registration of unions with Government authorities along the lines necessary in England.
2. Require labor organizations to file statements of their receipts and expenditures, salaries paid, etc., and to have their accounts audited and made available to the public as well as to the members, as is done in other voluntry organizations in the field of business or public welfare.
3. Establish Government rules requesting labor union elections, which will require voting in such important actions as strikes by secret ballot, an honest count of ballots, and the protection of employees from misrepresentation and intimidation when voting.
4. Make labor organizations responsible for their unlawful acts or violation of their contracts legally entered into.
5. Provide that all parties involved in an interstate labor dispute shall report to the United States Conciliation Service regarding their intention to undertake a lockout or strike, but before either a lockout or strike can be consummated, there must be a waiting period in which all parties to the dispute must make an effort to settle their differences through negotiation.
6. Prohibit jurisdictional and sympathetic strikes, mass picketing and cross picketing.
7. Prevent labor unions from coming under control of criminal elements; protect employees from coercion by other employees or union officials; protect them from racketeers, flying squadrons and other forms of intimidation and violence.

The report called attention to a statement of the United States Labor Department that more than 24,000,000 man days of defense effort were lost through strikes during the first 15 months of the rearmament program and it declared that "it should be recognized that strikes as usual, as well as business as usual are no longer possible. No one should place personal advantage above the welfare of their Nation." In urging Congress to act without delay, the report said that all the proposed amendments were necessary for industrial peace at any time and that the defense effort "merely accents the urgency of the situation."

Brazilian Coffee Low

Present indications are that Brazil's 1941-1942 coffee crop will approximate 10,000,000 bags, a total appreciably under the official estimates, the Department of Commerce is informed. In past years, it is pointed out, normal production in the State of Sao Paulo alone amounted to more than 12,000,000 bags. In view of the small production of the current crop and the outlook for an abnormally short crop next season the limitation of markets due to war conditions is being somewhat offset. As a result, Brazilian economy, as far as coffee is concerned, is not as greatly strained as would otherwise have been the case.

Coffee Imports

The Bureau of Customs announced on Nov. 19 preliminary figures showing the quantities of coffee authorized for entry for consumption as of Nov. 1, 1941, under the quotas for the 12 months commencing Oct. 1, 1941, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of Production—	Revised Quota* (Pounds)	Authorized for Entry for Consumption (Pounds)
Signatory Countries:		
Brazil	1,364,853,662	177,285,227
Colombia	462,698,802	38,623,390
Costa Rica	29,358,129	7,914,817
Cuba	11,795,051	914,522
Dominican Republic	17,626,703	5,735,923
Ecuador	22,044,457	10,546,699
El Salvador	94,298,370	464,613
Guatemala	78,611,627	12,563,911
Haiti	40,355,291	10,848,183
Honduras	3,208,883	171,609
Mexico	73,098,231	37,392
Nicaragua	31,311,581	8,957
Peru	3,668,676	1,409,474
Venezuela	36,442,699	36,917
Non-Signatory Countries:		
British Empire, except Aden and Canada	17,213,035	8,203,746
Kingdom of The Netherlands and Its Possessions	19,156,274	4,045,789
Aden, Yemen, and Saudi Arabia	3,771,864	651,634
Other countries not signatories of the Inter-American Coffee Agreement	†13,470,988	‡

*Quotas revised pursuant to the Inter-American Coffee Board's resolutions of July 1 and Oct. 23, 1941. †Quota revised pursuant to the Inter-American Coffee Board's resolution of Aug. 2, 1941. This quota was filled at the opening hour of the current quota period on Oct. 1, 1941. ‡Import quota filled.

Sen. Norris Will Retire

Senator George W. Norris, Independent of Nebraska, announced on Nov. 17 that he plans to retire when his present term expires in January, 1943. Senator Norris, who is 80 years old, will have completed 40 years of Congressional service with the expiration of his present term. He has served in Congress continually since 1903, acting as a member of the House until 1912 and serving five terms in the Senate. Senator Norris, who is the only remaining member of the Senate who voted against American entry into the World War, has consistently supported President Roosevelt's foreign policies.

Exchange Seat Sales

Arrangements were made on Nov. 19 for the transfer of two New York Stock Exchange memberships, one at $23,000 and the other at $22,000. The previous transaction was at $20,000, on Nov. 12.

Two New York Coffee and Sugar Exchange memberships sold on Nov. 21, each at $900. This represents a decline of $400 from the previous sale and the lowest price for a membership since 1901. On Nov. 24, two memberships were sold at $1,100 each.

SEC Amends Rules Under Holding Company Act

The Securities and Exchange Commission announced on Nov. 24 the adoption of minor clarifying amendments to certain of its rules under the Holding Company Act relating to exemptions, reports by individuals representing holding companies or subsidiaries before Federal agencies, and the form of notice of filing of certain declarations or applications. The amendments become effective immediately.

ABA Rports Higher National Bank Profits

National banks throughout the country experienced an increase in net additions to profits during the year ended June 30, 1941, according to the Fifteenth Annual Compilation of Earnings and Expenses of National Banks published by the National Bank Division of the American Bankers Association, forwarded to the ABA's national bank membership by W. C. Bowman, the division's President.

The percentage of gross income added to profits was 29.5%, compared with 26.3% for the previous year. The amount added to net profits was $260,610,000. In a covering letter to members of the Division, Mr. Bowman states:

> Net additions to profits in the National Banking System were moderately higher in the year ended June 30, 1941. Better recoveries and profits on securities sold, together with smaller losses and depreciation, made this possible despite an increase in total expenses which practically equalled the improvement in gross earnings from current operations.
>
> Further analysis of national bank earnings discloses that interest and discount on loans extended their advance by 7.7%. The trend of interest and dividends on securities was continued also, though the total amount declined by 2%. These sources of income plus the several others, including service charges, which were 8% higher, produced gross earnings from current operations 3.1% or $26,357,000 above the previous year.
>
> Total expenses, however, were higher too by $24,149,000, or 4.1%. Heaviest single increases were in salaries and wages, 5.4%, and in taxes other than on real estate, 8%. The result was an improvement of only 1% in net earnings, which amounted to 75 cents per $100 of deposits. Losses and depreciation in the sum of $200,500, cushioned by $188,266,000 of recoveries and profits on securities sold, reduced to $260,610,000 the net additions to profits. This equalled 7.2% of total capital funds, as against 6.5% a year earlier.
>
> Rates of return on loans and on investments continued to decline. This emphasizes the necessity of individual and collective efforts to develop employment for a higher percentage of banking resources, and of quickening the search for means of reducing operating costs.

Savings Bank Insurance Dividend Unchanged

The present dividend rate on the six basic types of policies issued by the savings banks of New York State will be continued during 1942, according to action taken on Nov. 26 by the Trustees of the Savings Banks Life Insurance Fund. The present dividend scale is continued in effect for first and second-year policies; and the Trustees also established dividend rates for policies in force three years which are approximately 60c per $1,000 higher on most policies than the second-year dividend. The announcement of this made by the Savings Banks Association of the State of New York, also says:

> Taking a typical example: The 1942 dividend on a $1,000 straight life policy, issued at age 35 in 1941, will be $2.39. The dividend on the same policy issued in 1940 will be $3.40, and the third-year dividend on the same policy issued in 1939 is announced at $4.01.
>
> The question of an increase in premium rates such as has been indicated by some of the life insurance companies was also discussed at the meeting, and it was announced that no change in the premium rates is contemplated on Savings Bank Life Insurance Policies at this time.
>
> The liberal divided schedule on Savings Bank Life Insurance policies emphasizes the extremely low net cost to policyholders. Again taking a $1,000 straight life policy, issued at the age of 35 on a three-year net cost basis, as an example: The annual premium is $23.96 making the premiums for three years $71.88. Aggregate dividends for the three-years are $9.80—making a net payment of $62.08. The cash value of the policy is $39.76—thus the net cost to the policy holder is only $22.32, or a yearly average of $7.44.
>
> At the present time 43 mutual savings banks in New York State are offering this Savings Bank Life Insurance, as compared with only 18 a year ago. Insurance in force in the system at the end of October amounted to $17,824,000.

Fleming Named Federal Works Administrator

Brig. Gen. Philip B. Fleming, Wage-Hour Administrator, was nominated by President Roosevelt on Nov. 21 to be Federal Works Administrator succeeding John M. Carmody, who recently resigned because of impaired health. Mr. Carmody has since been named to the Maritime Commission. General Fleming has been Administrator of the Wage and Hour Division of the Department of Labor since February, 1940 and prior to that time had been connected with the Army Engineering Corps.

Ask Building Materials Priority Policy Review

The United States Savings and Loan League, in a telegram to Donald M. Nelson, Director of Priorities of the Office of Production Management, urged on Nov. 22 reconsideration of the priority policy in building materials so that home-building for owner occupancy in defense areas would take precedence over rental units. The League is the national business organization of the savings, building and loan associations which do over 40% of the country's small home financing. Signers of the telegram were officers and chairmen of appropriate committees of the League.

Bullitt To Represent President In Near East

President Roosevelt announced on Nov. 25 that William C. Bullitt will soon go to the Near East as his special representative. Mr. Bullitt, former Ambassador to France and Russia, will gather information in Libya and other nearby war areas on what is needed and report back to the President. He returned to the United States from his post in France in July, 1940, following that country's conquest by Germany, and has since been in official retirement. Mr. Bullitt's resignation as Ambassador to France became effective Nov. 26, 1940, when the President named Rear Admiral William D. Leahy as his successor.

Philadelphia Reserve Bank Directors

Howard A. Loeb, Chairman of Tradesmens National Bank & Trust Co., on Nov. 17 was elected a Director of Federal Reserve Bank of Philadelphia, succeeding Joseph Wayne, Jr., Chairman of the Board of Philadelphia National Bank.

Harry L. Cannon, President of H. P. Cannon & Son, Bridgeville, Del., was re-elected a Director of the bank for a further term of three years, beginning Jan. 1.

Says Discourage Useless Consumer Borrowing

Consumer credit lenders must take it upon themselves voluntarily to discourage "useless borrowing" and loans that impede the national defense program, or else they will be subjected to more stringent government regulation, it was asserted on Nov. 27 by Walter B. French, Deputy Manager of the American Bankers Association in charge of the Association's Consumer Credit Department, in an address in Minneapolis before a conference on Consumer Credit in the National Emergency sponsored by the University of Minnesota. Mr. French urged all lenders to comply fully with the Federal Reserve Board's consumer credit regulations and predicted that "if the Federal Reserve Board ever fails in its duty to enforce a credit regulation, it will not be due to the lack of cooperation of legitimate lenders but to the fact that the restriction is so severe that it is considered unfair by a large mass of consumers."

"The whole approach of the Federal Reserve Board, in drafting and now in enforcing Regulation W, is commendable," Mr. French declared. "Amendment Number two indicates their readiness to clarify and modify provisions of the Regulation wherever it appears to be working an undue hardship. It behooves us as lenders to be constantly on the alert and ready to assist and advise the Board whenever we are called on to do so. It is our duty also to criticize any provision that may ever be considered by the Board, which, in our best judgment, would be harmful." Mr. French further asserted:

> Cash lending has been little disturbed as a result of Regulation W and, with the broad amendment on renewals, practically no check now exists in this phase of the business. Cash lenders, therefore, now assume a real responsibility—a responsibility that they must face and should not shirk. It is their duty to discourage useless borrowing. It is their duty to discontinue all high pressure promotional campaigns. It is their obligation to explain to borrowers why it is necessary now to buy less and save made.
>
> If you fail in this responsibility now, then you can't blame a perplexed Federal Reserve Board for imposing a regulation under which you find it impossible to operate later. There is a job to be done and without your help it cannot be done. Fail to listen to this urgent appeal and let only selfish motives dictate your policies and you will receive the penalties which will be your just due.

Senate Asks Report On Priorities Program

The Senate on Nov. 17 unanimously adopted a resolution requesting the Office of Production Management to submit a report on its policy of (1) assignment of priorities (2) methods for allocation of materials and (3) program for protecting various business enterprises, particularly small business, affected by the priorities or allocation system. The resolution was sponsored by Senator O'Mahoney (Dem. of Wyoming), who claimed that "unless we preserve small business, we shall find our whole economy undermined." Senator O'Mahoney in criticising the plan recently adopted by the Supply Priorities and Allocations Board for an "all-out allocation program" of materials for the various industries, referred to it as "the most far-reaching and revolutionary economic proposal ever made in America.' The Senator said that by his resolution he hoped "to have OPM and SPAB lay down some program to save a little business."

Foreign Fund Control Conferences Arranged

Completion of plans for a series of meetings, sponsored by the U. S. Treasury in cooperation with the American Bankers Association and designed to bring about a better understanding on the part of bankers of the Treasury regulations governing the control of foreign funds, were made known in New York on Nov. 25.

The first of these meetings was scheduled for Cleveland on Dec. 1, to be followed by a Chicago meeting on Dec. 2 and 3, and a Denver conference on Dec. 4. Other scheduled meetings follow:

San Francisco, Dec. 6-9; Dallas, Dec. 10-11; New Orleans, Dec. 12-14; Atlanta, Dec. 15.

Dates for Boston and New York will be selected when the above schedule has been completed. With respect to the meetings the Association says:

Two types of meeting, to be hold concurrently, are contemplated. One will be a special educational type of meeting for secretaries of state bankers associations, Federal Reserve officials, bank examiners of all agencies, State and Federal, and key bankers, designed to equip them to carry forward the program of interpretation in their districts.

The other will consist of sessions to which all banks in each district are being invited to send representatives, at which ABA and Treasury officials will explain the various aspects and details of the freezing program.

The Federal Reserve banks are making the arrangements for the meetings and issuing the invitations. It is further announced:

The same program will be followed at each meeting. Walter B. French, Deputy Manager of the American Bankers Association, will open it with an explanation of the reason for the meeting. Norman Towson, Assistant Director of Foreign Funds Control, will follow with an explanation of the mechanics of the regulations and their purpose. A third speaker will be a Treasury Department economist who will discuss the economic aspects of the controls, and a fourth will be a member of the Treasury legal staff who will discuss the legal phases. A large part of the conferences will be devoted to open discussion designed to answer questions arising in the minds of those attending. Sessions will be held mornings and afternoons, and evenings when necessary, in order that all bankers may have the opportunity to participate. Where great distances are involved the sessions will be extended, as indicated by the schedule, to accommodate as many bankers as possible.

The idea for the meetings grew out of the realization that the complex and voluminous freezing regulations were not fully understood by many institutions and that interpretation in simple layman's language was needed. It is expected that by means of these meetings the problems of the banks in complying with the regulations will be simplified and that the foreign fund freezing program will be made more effective.

Members of the American Bankers Association's Foreign Funds Control Committee, which has the ABA's phase of this activity in charge, consist of James L. O'Neill, Vice-President Guaranty Trust Co. of New York; Frank L. King, Comptroller of the Continental Illinois National Bank & Trust Co., Chicago; William H. Moorehead, Vice-President and Cashier Chase National Bank, New York; Joseph E. Nilsson, Manager Foreign Division First National Bank of Boston, and Fred A. Thomas, Vice-President Central Hanover Bank & Trust Company of New York. Mr. O'Neill is Chairman.

Deduction Of Fed. Tax In Filing N. Y. Income Tax Returns Sought

Representatives of a number of up-State Chambers of Commerce met on Nov. 26 at the Chamber of Commerce of the State of New York, and discussed plans for the closing weeks of the campaign for an amendment to the State Income Tax law to allow the deduction of Federal income tax payments in computing State income tax returns. With the Legislature scheduled to convene early in January, it was decided that the various organizations should concentrate their efforts towards enlisting the support of their local Senators and Assemblymen for the proposed amendment. Charles T. Gwynne, Executive Vice-President of the New York Chamber, said that Senator Thomas C. Desmond, of Newburgh, Assemblyman Irving D. Davidson, of Manhattan, and Assemblyman Robert J. Crews of Brooklyn, had promised to introduce bills to amend the law to give taxpayers the desired relief. Upwards of 40 organizations, the Mayors of 26 of the State's cities and villages, and a large number of leading business men were enlisted in the movement which was being widely supported by the press of the State, Mr. Gwynne said. Among the representatives of out-of-town organizations at the conference were:

Howard L. Volgenau, Secretary, Buffalo Chamber; Thomas W. Therkildsen, Executive Secretary, Hudson Chamber; James A. Fowler, Jr., Huntington Chamber; Harry L. Bassett, Secretary, Chamber of Irvington, Tarrytown and North Tarrytown; Ruby L. Kent, Secretary, Newburgh Chamber; H. W. Barnard, Rome Chamber; Frederick E. Norton, Secretary, Syracuse Chamber; P. S. Peck, Executive Secretary, Yonkers Chamber; C. C. Van Patten, Binghamton Chamber. H. Boardman Spalding, Chairman of the Executive Committee of the New York Chamber, presided at the meeting.

1941 Wheat Insurance Extended One Month

A 30-day extension of time in which 1941 wheat crop insurance will be operative in seven States was announced on Nov. 18 by the Department of Agriculture. Excessive moisture which delayed harvesting prompted the decision to extend the date from Oct. 31 to Nov. 30 in Minnesota, North Dakota, Montana, Washington, Oregon, Idaho, and Utah, Leroy K. Smith, Manager of the Federal Crop Insurance Corporation, said. Mr. Smith emphasized that this time extension was granted for this year only. Unless unusual conditions occur next year comparable to those existing now, he explained, 1942 wheat crop insurance contracts will cease to be operative at the usual date, Oct. 31.

The corporation also announced that where original winter wheat seeding has been totally destroyed, farmers would be permitted to reseed other land on their farm if conditions prevented them from reseeding the original acreage. This ruling is in line with modifications announced by the Agricultural Adjustment Administration regarding compliance in those cases where excessive moisture has prevented immediate reseeding of the same acreage.

Conference Board Finds Labor Shortage Likely

Expanded production and increased defense employment have not yet produced any great changes in the size of the labor force, as was the case in the World War, according to a study issued by the Division of Industrial Economics of The Conference Board, New York. Despite 16 months of rapidly accelerating defense effort, it is stated that the country's labor supply appears to have increased at about the same rate as in the Thirties, and to have retained its pre-defense seasonal pattern. It is noted that there has been no great influx of women into the civilian labor force, and that the percentages of young and old persons have not shown any notable increase. The Board's announcement goes on to state:

The country's total labor force, consisting of persons gainfully employed (including those in the armed forces) and persons seeking employment, is now about 55,000,000, or about 400,000 more than a year ago, according to a revised estimate of The Conference Board. Most of the 1,500,000 men added to the armed forces since June, 1940, the Board points out, were already in the labor force, so that the number of civilians remaining in its is less than it was before the defense program began. The country therefore faces the largest production load in its history without the benefit of any increase in the civilian labor force. Civilian employment has been increasing rapidly, and the number unemployed is becoming small. Within a few months the additional man hours that will be necessary to expand defense production will have to be obtained either from the employment of persons not now in the labor force, or from increased working hours. Either method will be costly. New employees will be expensive because of the time and effort that will be required to train them. Increased working time will be expensive because hours worked per week per male employee already averaged 42.2 in 25 manufacturing industries in September, and additional working time will require additional overtime wage payments from industries already at their most economic levels of operation.

Displacement of employed workers owing to priorities may temporarily relieve the coming shortage of labor and postpone the necessity for hiring inexperienced employees or lengthening the work week. Estimates of priorities unemployment have ranged from 1,500,000 to 3,000,000. It seems probable, therefore, that priorities unemployment will be high during the winter months. This, together with seasonal declines in agriculture and trade, may even cause some reduction in total employment in the opening months of 1942. Thereafter, however, new defense plants will get into production, much conversion of civilian to defense facilities will be completed, and supplies of essential and scarce materials will be increased, so that the demand for labor will be much greater.

Atlanta Reserve Bank Directors

Frank H. Neely, Chairman of the Board of the Atlanta Federal Reserve Bank, announced on Nov. 18 the reelection of two directors for three-year terms beginning Jan. 1. George J. White, President of the First National Bank at Mount Dora, Fla., was re-elected a Class "A" Director by banks in Group Three and Ernest T. George, Chairman and President of the Seaboard Refining Co. in New Orleans, was named a Class "B" Director by Group One banks.

Non-Farm Foreclosures Again Lower In Sept.

The Federal Home Loan Bank Board recently reported that during September the seasonally-adjusted index of non-farm real estate foreclosures in the United States (1935-1939 equals 100) again moved to a lower level, bringing the index to 32.8. This decrease of 1.5% from the month of August was slightly greater than the 1.3% shown for a similar period in 1940. Further, the August level was approximately ⅓ lower than in the same month a year ago, while a decrease of 25% was recorded from January of this year. The Board's announcement further stated:

Unlike the index adjusted for seasonal variation, the estimated number of non-farm foreclosures for the United States increased 2.4%, bringing the number of cases occurring in September to 4,352. Although increases in foreclosure activity usually indicate an unfavorable movement, this increase, when compared with the customary increase of 4% expected for this time of year, represents an improvement during the month.

Of the 12 Federal Home Loan Bank districts, six indicated a downward movement from August thus partially offsetting the increases of the other six districts. Of the 48 States and the District of Columbia, 25 increased, 20 decreased, while four showed no change in foreclosure activity.

Foreclosures in areas designated as national defense communities, where acute housing shortages exist, accounted for 2,923 of the 4,352 cases estimated for the country as a whole during September. Most of this rise from August in defense housing areas was confined to communities of 60,000 dwellings and over.

RR. Workers' Earnings Up

All wage earners employed on Class I railroads averaged $36.21 per week in July, 1941, according to a recent report of the Conference Board, New York. Under date of Nov. 29 the Board issued the following details of the study.

This average was 6.5% above May, 1940, level (the month before the Defense Program was inaugurated), and 22.1% above the 1923 average. The increase over the 1923 average is about the same as those of wage earners employed in manufacturing and in gas and electric plants. After allowance for the advance in living costs over this period, weekly earnings still showed an increase, which amounted to 2.1%.

Although average hourly earnings of all wage earners on Class I railroads increased only 0.4% between May, 1940 and July, 1941, the average work week (based on the number of wage earners employed in the middle of the month) was lengthened 2.8 hours, or 6.1%. Employment was given to 149,389 more persons than in May, 1940, thus raising the total to 913,981, or 19.5%.

Weekly earnings in all the various categories of railroad employees have increased. They are currently higher than the average for 1929 and considerably in excess of the 1935 level. The largest increases since 1929 were $7.93 per week for road freight conductors and $7.91 for road freight engineers, while the smallest was $1.48 per week for yard brakemen. Since 1933 the increases have been on a larger scale ranging from a $19.89 rise in weekly earnings for road freight engineers to a $7.41 increase for unskilled laborers.

Booklet On Dealings With Procurement Division

A booklet designed to supply information to manufacturers and dealers on procedures necessary to establish and maintain business relations with the Procurement Division of the Treasury Department was issued by that agency on Nov. 19. Entitled "Doing Business with the Procurement Division," the booklet answers many inquiries which are being received in the office of Director Clifton E. Mack. He expressed the hope that the information would be particularly helpful to those firms which have hesitated in the past to deal with the Government because of lack of knowledge of procedure.

Included in the booklet is a synopsis of laws affecting Federal procurement, an explanation of the division's functions and how to get on its bidder's list, addresses of the State Procurement Offices and descriptions of the types of purchasing in which the division is engaged. Features of the invitation-to-bid are discussed, as are types of bid and performance bonds, inspection, awards, protest and instructions for receiving prompt payment for goods sold. Copies of the booklet are available without charge from the Procurement Division at Washington, D. C.

Gas Heater Sales Up

The Association of Gas Appliance and Equipment Manufacturers, in its current "Statistical Bulletin," reports that shipments of gas ranges in the first nine months of 1941 aggregated 1,797,700 units an increase of 38.3% over the same period of 1940 when shipments totaled 1,299,600 units. An increase of 48.1% occurred in shipments of gas-fired water heaters between the same periods, according to the Association. Shipments of these totaled 550,961 units in the first three quarters of the present year compared with 371,940 in the like period of 1940. The gain in shipments of central heating gas appliances was even more marked, the Association's figures show; the 53,085 shipped this year represent an increase of 58.6% over the 33,435 shipped in the January to September period in 1940.

G. S. Messersmith Named Ambassador To Mexico

President Roosevelt nominated on Nov. 27 George S. Messersmith to be Ambassador to Mexico. Mr. Messersmith, a career diplomat and at present Ambassador to Cuba, was named to succeed Josephus Daniels, who recently resigned. Mr. Messersmith has been in the Cuban post since March, 1940 and for three years prior to that time had been Assistant Secretary of State in Washington. He entered the foreign service in 1914 and held several consular posts before becoming Consul General in Berlin in 1930. Mr. Messersmith served in this latter post until 1934 when he was made Minister to Uruguay and later Minister to Austria. Mr. Daniels' resignation was referred to in these columns Nov. 27, page 1238.

California Business

Business activity in California during October registered a further advance, continuing the month by month rise which began in August, 1940, according to the current "Business Outlook" just released by the Wells Fargo Bank & Union Trust Co. of San Francisco. The Wells Fargo index of the State's business activity (in which 1935-39 equals 100) rose to 169.1 in October from 165.7 in September. In October, 1940, the index stood at 120.4.

Price Fixing Totalitarian, Harriss Holds

Opposition to price fixing legislation was expressed by Robert M. Harriss, of the firm of Harriss & Vose, in a letter addressed to Sen. Robert F. Wagner on Nov. 26. Mr. Harriss said it was in the interests of agriculture, labor, industry, and business that the bill be defeated and gave reasons as follows:

1. To turn over to any man or group of men: The control of prices; the destruction of individual initiative through licensing; the complete domination of trade and eliminating free markets for the product of agriculture by the Government buying and selling of commodities, is the very essence of the thing we are supposed to be opposing. These things are contrary to principles of Constitutional Government and belong only to a dictatorship or totalitarian form of government.

2. To fix prices on agricultural commodities at existing low levels, which are below the cost of production, will do our American farmer a grave injustice that will prove harmful to labor, the manufacturer and business. Agriculture is our basic and greatest industry and unless our farmers, who represent 30% of the people, receive equitable prices, they are without purchasng power which naturally is most detrimental to labor, the manufacturer and business.

3. At present the American farmers are receiving less than 17 cents per hour for their labor and last year received less than 10% of the National income, although they represent 30% of our people. During the past 12 years they have received less than 9% of the National income. This has been the basic reason we could not have a sound National recovery.

4. The cost of the raw commodity on the average represents less than 10% of the cost of the manufactured article to the consumer; the balance is made up in manufacturing costs, taxes and distribution charges. Therefore, if agricultural prices rose 50% it should not affect the cost of living 5%.

5. Before entering the last war we did not fix the price of a single commodity, although agricultural prices were about 100% higher than today. Even after entering the war, we did not fix the price except on a few commodities, chief among which was wheat at $2.17 per bushel or approximately 100% higher than today.

6. The farmer naturally must directly or indirectly pay a large percent of the National debt, interest and taxes. The lower his price level the more difficult or impossible it will be to pay them and the higher the price level the more possible it is to pay them. At existing low levels it will be impossible for the farmer to pay off his large share of the National debt and taxes, which will mean continued doles, if not economic slavery for generations for the American farmer. A large part of the National debt had its origin in the debts of the last war. These National debts could not be reduced during any of the past 12 years but were greatly increased and sound economic recovery was impossible because of low agricultural prices. In the final analysis, it is even in the interest of the mortgage and bond holding group that our farmers receive higher prices and a more equitable share of the National income, otherwise uncontrolled inflation or repudiation will follow.

Tightens Travel Rules

The State Department announced Nov. 14 the tightening of regulations governing the travel of all aliens to and from the United States. Acting under President Roosevelt's proclamation, issued at the same time, the Department requires that any alien seeking to leave the country must apply for a permit at least 30 days in advance of the planned date of departure. The Secretary of State can deny the permit if he considers that the departure of an alien would be "prejudicial to the interests of the United States."

The State Department regulations also tightened still further the new procedure for issuance of visas to aliens entering the country, under which visas cannot be granted by diplomatic or consular officers unless the applications first receive approval of the State Department.

A new inter-departmental Committee of Review is created to study visa applications and to give hearings to sponsors of visa applicants.

Marines Out Of China

President Roosevelt announced on Nov. 14 that the United States Government was withdrawing all American marines from China. The Navy Department reports that there are 970 marines stationed in China, the largest garrison being at Shanghai and smaller detachments at Peiping and Tientsin. The marines first entered China in 1854 and were there off and on until about 1900 according to the Associated Press. Since the turn of the century these advices added, they have been there continuously, under terms of the Boxer protocol which followed the Boxer rebellion threatening the safety of all foreigners.

The first group of United States marines to be withdrawn from Shanghai left Nov. 27. The Associated Press advices from Shanghai on that date said:

> The contingent was taken by tender to the liner President Madison a few hours before her sailing. While the vessel is scheduled to call at Manila and Singapore, the destination of the marines was not disclosed.
>
> The second and final contingent of the marines will leave aboard the President Harrison, which arrived last night and will sail tomorrow if arrangements can be completed, or, at the latest, by Sunday.

Arbitration Facilities

Extension of the facilities of the American Arbitration Association to 30 regional offices in all parts of the country to keep pace with a mounting number of commercial and industrial disputes, was announced in New York on Nov. 15 by C. V. Whitney, President. The regional offices already have been established for the Motion Picture Arbitration System under a consent decree signed early this year by five leading motion picture producers, Paramount, Loew's, Twentieth Century-Fox Film, Warner Brothers and RKO Pictures, Mr. Whitney explained, and their facilities are now being made available to business generally through the courtesy of these firms.

In addition to the Association's national offices at Rockefeller Plaza, in New York City, the tribunals are located in the following cities throughout the nation: Albany, Atlanta, Boston, Buffalo, Charlotte, Chicago, Cincinnati, Cleveland, Dallas, Denver, Des Moines, Detroit, Indianapolis, Kansas City, Los Angeles, Memphis, Milwaukee, Minneapolis, New Haven, New Orleans, Oklahoma City, Omaha, Philadelphia, Pittsburgh, Portland, St. Louis, Salt Lake City, San Francisco, Seattle and Washington.

Plane Makers Triple Production In A Year

The output of the aircraft industry in December will definitely be three times as great as in the same month last year, Col. John H. Jouett, President Aeronautical Chamber of Commerce of America, declared in a statement issued Nov. 30.

"It is now apparent," he said, "that my prediction last spring that 1941 would see 18,000 airplanes roll from the American plants is being fulfilled. This striking accomplishment is in great part due to the coordinated work and planning of the Army Air Forces." He also said:

> Quality production has paced quantity production in doing the task described by Merrill C. Meigs of the Office of Production Management as "the biggest job any industry ever tackled in any country." The quality of American aircraft stands out in performance comparisons with German planes. Hitler has nothing which can approach the superb performance of such high-altitude bombers as the Boeing Flying Fortress or the Consolidated B-24. Great numbers of German fighters have come crashing down out of the skies under slashing impact of American-built planes, such as the Bell Airacobra and the Curtiss Tomahawk. German-held bases have reeled under the slugging attacks of medium and light bombers fashioned by Martin, Lockheed and Douglas.
>
> These sleek, deadly American sky-fighters have already seen action on nearly every front in the present Old World conflict. They have performed notable service in Africa. They have literally worked wonders over the waters adjacent to the British Isles and over the convoy routes. They have been in the Balkans and on the Mediterranean fronts and they played their part in saving the hard-pressed British forces at Dunkirk.
>
> American aircraft builders have on hand orders totaling approximately six billion dollars. During the first half of the current year our deliveries amounted to $617,345,086 as compared with $554,400,000 for the entire year of 1940. The rate of delivery for the final half of the year will show an even greater acceleration—probably reaching a peak about mid-1943.
>
> A factor to be considered in evaluating our annual output is the constantly increasing size of the warplanes now being built. More and more large bombers and other heavy-type planes are coming off the production lines; the proportion of light training planes decreases as the output grows.
>
> Using this weight factor as an index, America's plane production for 1942 and 1943 will undoubtedly rise to three or four times what it is at present.

Foreign Funds Control

The Foreign Exchange Committee headed by R. F. Loree, Vice-President of the Guaranty Trust Co., it became known Nov. 17, has named a sub-committee to formulate and put into operation a code of practices to be used by foreign exchange dealers and banks in the control of foreign funds. The sub-committee, comprising junior officers of the banks represented on the main committee, will be charged with the responsibility of drafting common practices to be used in compliance with tightened Federal regulations governing foreign funds here.

The sub-committee will be headed by Wilbert Ward, Assistant Vice-President of the National City Bank, with J. L. Timoney, Assistant Treasurer of the Guaranty Trust Company, as Secretary of the committee. Other members of the sub-committee include A. W. Barth, Assistant Cashier of the Chase National Bank; H. F. Berthoud, of Dominick & Dominick; F. W. Boehm, Assistant Treasurer of the Bankers Trust Company; F. A. Buck, Assistant Vice-President of the Central Hanover Bank and Trust Company; A. C. Colquhon, Manager of Brown Brothers Harriman & Co., and G. C. Henckel, Assistant Treasurer of J. P. Morgan & Co. Incorporated.

Axis Funds Control

The Treasury Department on Oct. 23 took further strong measures to prevent the Axis from realizing free dollars or other valuable foreign currencies through remittances to Axis-controlled areas, according to a Department announcement, which said:

> Under today's amendment to General License No. 32 remittances to persons in the Axis countries and in Axis-controlled countries cannot be made if such remittances make free dollars or valuable foreign currency available to the Axis. Such remittances are still permitted if only blocked dollars result from the transaction.
>
> This policy has not as yet been fully applied with respect to remittances to American citizens in the "frozen" countries. Remittances to such Americans may continued substantially as at present under General License No. 33.

The Treasury Department also indicated that the same strict policy would be followed in dealing with applications for special licenses. It was further indicated that amounts made available to American citizens in Axis countries and Axis-controlled countries under special licenses may be drastically curtailed.

Eases Copper Restrictions

Restrictions against the use of copper strip and other copper materials in building construction were eased on Nov. 3 by the Priorities Division of the Office of Production Management. Originally scheduled to go into effect Nov. 1, the copper order would have "frozen" stocks of already fabricated materials in the hands of manufacturers, distributors and consumers. Because of this, it was explained, the restriction has been revoked and copper sheet, strip and screen materials may be manufactured at a reduced rate until Jan. 1, after which their manufacture is prohibited. The original copper order was referred to in our issue of Oct. 30, page 832.

The OPM Priorities Division on Nov. 3 placed under direct allocation control all cobalt metal, chemical compounds, ore and concentrates. The metal, used as an alloy for steel, largely in the production of cutting tools, was placed under priority control because of the current shortage and the uncertainty of shipments from abroad.

Tax Institute Meeting

The annual symposium of the Tax Institute of the University of Pennsylvania, to be held in Philadelphia on Dec. 1 and 2, will be devoted to the general topic, "National Defense and Taxation." Dr. Mabel L. Walker, Director of the Institute, announces that 18 speakers in government finance, academic and business circles will address the seven sessions. Four meetings are scheduled for Dec. 1 and three for Dec. 2, at the Hotel Warwick in Philadelphia.

Pacific States Lead In Home Construction

The Federal Home Loan Bank Board announced on Nov. 29 that the Pacific States led the country in relative rate of home construction during the fiscal year ending June 30, 1941, according to the Board's forthcoming annual report to Congress. From the Board's announcement in the matter we quote:

> The report shows that 1,192 dwelling units were constructed in Washington, Oregon and California for each 100,000 of population. The South Atlantic area, embracing Delaware, West Virginia, the District of Columbia and the States south to Florida, ranked second with 791 new units per 100,000 population.
>
> The other seven geographical areas were listed as follows: Mountain States, 606 units; West South Central (Arkansas, Louisiana, Oklahoma, Texas), 543 units; East South Central (Kentucky, Tennessee, Alabama, Mississippi), 460 units; East North Central (Ohio, Indiana, Illinois, Michigan, Wisconsin), 438 units; West North Central (Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, Kansas), 382 units; Middle Atlantic (New York, New Jersey, Pennsylvania), 293 units, and New England, 270 units.
>
> However, New England registered the third largest relative construction gain in the fiscal year, 1941, over the previous year, with a jump of 30.8%. The greatest gain in construction for 1941 over 1940, 32%, was in the East North Central and South Atlantic districts. The East South Central States were fourth with a rise of 26%.
>
> The highest rates of home construction, population considered, are now found in small communities and rural non-farm areas, which are growing more rapidly than the large cities, the report points out.
>
> The compilations are based on building permit records collected by the U. S. Department of Labor.

Rockefeller Named To Economic Defense Board

The appointment of Nelson A. Rockefeller, Coordinator of Inter-American Affairs, to membership on the Economic Defense Board was announced on Nov. 22 by Vice President Wallace, Chairman of the Board. Mr. Wallace at the same time revealed that the Defense Board is reorganizing its personnel into four regional divisions, as follows: the European and African, the Far Eastern, the British Empire and the American hemisphere.

Under the new arrangement, the Commercial and Financial Division of the Coordinator's Office, working under the supervision of Milo Perkins, Executive Director of the Defense Board, will undertake a study of resources and formulate plans for strengthening the economic program affecting Latin America.

The executive personnel of the Economic Defense Board, engaged in hemisphere matters, it was announced, will be merged with the personnel of the Commercial and Financial Division of the Coordinator's Office and the combined personnel will act under the direction of Carl B. Spaeth, Assistant Coordinator of Inter-American Affairs.

Creation of the Economic Defense Board last July "for the purpose of developing and coordinating policies, plans and programs designed to protect and strengthen the international economic relations of the United States in the interest of national defense," was reported in these columns of Aug. 2, page 627.

National Economy League Recommends Cut Of $1,783,000,000 In Non-Defense Outlays

Recommendations for a reduction of $1,783,000,000 in non-defense Government expenditures has been proposed by the National Economy League in a study prepared for submission to Joint Congressional Committee on Non-Essential Expenditures, of which Sen. Harry F. Byrd (Democrat) of Virginia is Chairman. In making the report public on Nov. 23, H. G. W. Sundelof, Executive Director of the League, said:

The average citizen is fast learning to what extent he must bear the cost of government. Continued non-defense extravagance makes his sacrifice needlessly high and dampens his enthusiasm to willing pay defense taxes, voluntarily subscribe to defends bonds and valiantly endure a rising cost of living.

A system of "forced savings" should be established in non-essential Government spending before the people are called upon to make further sacrifices.

According to the study, "lend-lease expenditures for farm commodities, estimated at $1,500,000 under the two lend-lease appropriations, will exceed all other Federal farm payments combined." It is also stated that "regardless of the primary motive for this outlay from the public Treasury, the result is to increase farm prices and income to an extent allowing of a large reduction in direct subsidies."

As to the League's proposals, advices to the New York "Journal of Commerce" from its Washington Bureau Nov. 23 said:

Urging a reduction of about one-half in the agricultural program, the League said "continuation of heavy subsidies from the public Treasury in spite of a prodigious increase in farm income is the least justifiable of all Federal non-defense spending. If the defense burden is to be distributed with even a semblance of equity, a sharp reduction in these payments is imperative."

The League recommended that parity payments, sugar Act payments and the reduction in interest on farm mortgages be eliminated entirely, and that a cut of slightly over one-third be made in soil conservation payments and other aids to agriculture.

"Large savings could be made by abandoning WPA as an administrative organization and utilizing the existing facilities of State welfare agencies for necessary direct relief," the report said. "The defense program, financed entirely by the Federal Government, has proved an indirect subsidy to State and local governments, through the reduced need for direct relief and an increase in State and local tax collections.

"The fact that several States and municipalities have reported surpluses indicates their increased ability to support relief. Some Federal grants would be necessary in the poorer States, and the League recommendations would allow $300,000,000 for this purpose.

"The defense work of the WPA should be transferred to regular defense departments, if it is actually required for defense, the study said. "This transfer would not effect a budgetary saving, but it would serve to unscramble the defense and relief aspects of WPA."

The New York "Herald Tribune" reports that the extent to which the National Economy League would curtail non-defense expenditures in the various categories was summarized in the following table, based on estimates for the current fiscal year, which began last July 1 and ends on June 30, 1942 (in millions of dollars):

	Federal budget	N. E. L. Proposals	Saving
General Government	$874	$774	$100
General public works program	533	270	263
Aids to agriculture	1,061	500	561
Aids to youth	363	100	263
Work relief	1,034	555	479
Social security	463	430	33
Veterans' pensions and benefits	564	549	15
Refunds	89	89	---
Interest on public debt	1,325	1,325	---
Transfers to trust accounts	275	256	19
Supplemental items, regular	100	50	20
Total	$6,581	$4,798	$1,783

The Joint Congressional Committee of which Senator Byrd is Chairman, reported, virtually unanimously, on Nov. 15 that non-defense Federal expenditures could be cut at least $1,000,000,000 annually, it was stated in Associated Press Washington accounts, which also said:

It was reported authoritatively that Secretary Morgenthaus, Senator Byrd and other members of the group were in general agreement that a $1,000,000,000 cut in non-defense spending should be the rock-bottom minimum. Senator Byrd himself, however, said he believed cuts totaling between $1,500,000,000 and $2,000,000,000 could be effected in the next fiscal year.

Senator Byrd said the committee, which consists of himself, 11 other members of the Senate and House Taxing and Appropriating Committees, Mr. Morgenthau and the Budget Director, Harold Smith, would suggest specific economies by Dec. 15—about 20 days in advance of the President's annual budget message to Congress.

On Oct. 29, with his election as Chairman of Joint Congressional Committee on Non-Essential Expenditures, Senator Byrd issued a statement saying in part:

It is vital to our future security that non-essential Federal spending be cut to the bone. Our financial security is just as important to our democracy as our defense security. Our Government has undertaken financial obligations of the most colossal magnitude. Not only must many billions be spent for our own defense but many more billions have been authorized for Great Britain and other nations resisting aggression. . . .

In this day when all Americans must sacrifice, it is patriotic for every American citizen to urge that every single non-essential expenditure be eliminated during the period of the emergency and at the same time to co-operate in the fullest measure with every effort on the part of the Congress to bring this about.

SEC Hearing On NASD Action Is Postponed

The SEC announced Nov. 15 the postponement until Jan. 12, 1942, of the public hearing heretofore scheduled for Nov. 17, 1941, in connection with the review of the disciplinary action taken by the National Association of Securities Dealers, Inc., against certain of its members for alleged violation of the terms of the selling agreement used in connection with the distribution, late in 1939 and early in 1940, of an issue of Public Service Company of Indiana 4% first mortgage bonds. The hearing will be held at the Washington office of the Commission.

U. S. Labor Department Reports On Factory Workers' Hours And Earnings In September

Average hourly earnings of factory wage earners amounted to 75.8 cents in September, a rise of 1.6% over the level of the preceding month, Secretary of Labor Frances Perkins reported on Nov. 23. "One of the major factors contributing to this gain in average hourly earnings was the substantial increase in employment in certain of the high-wage durable goods industries," she said. "Wage-rate increases in September were reported principally in the non-durable goods industries," said Miss Perkins, who added that "average hours worked per week in September amounted to 40.9, representing a slight decrease (0.1%) from August, partly as a result of the Labor Day holiday. Weekly earnings advanced in the month 1.3% to a level of $32.01. During the past year hourly earnings have increased 13.1%; average hours have risen 5.7%; and average weekly earnings of both part-time and full-time wage earners have risen 20.3%. Secretary Perkins also had the following to say:

Wage-rate increases averaging 9.0% were reported by 1,266 manufacturing establishments in September and affected a total of 429,000 employees. More than 300,000 workers received wage increases in the non-durable goods industries, as compared with a total of slightly more than 100,000 in the durable goods industries. Substantial numbers of workers were affected in the following industries: woolen and worsted goods (106,000); cotton goods (45,000); petroleum refining (34,444); glass (17,000); slaughtering and meat packing (15,000) and silk and rayon (14,000). Inasmuch as some firms may have failed to report wage increases to the Bureau of Labor Statistics and the survey does not cover all establishments in an industry, these figures should not be construed as representing the total number of wage changes occurring during the period.

Defense industries in September continued to operate at high levels with considerable amounts of overtime. Three strategic industries reported average hours of more than 50 hours per week per wage earner; machine tools (51.5 hours); machine tool accessories (52.9 hours); and firearms (50.1 hours). Other important defense industries operated at the following levels: engines, turbines, etc. (46.6); aricraft (45.5); shipbuilding (44.9); brass, bronze and copper (43.8); ammunition (43.7); electrical machinery (43.5); explosives (43.0); aluminum (42.5); smelting and refining—copper, lead and zinc (39.1); blast furnaces, steel works and rolling mills (39.0).

Virtually all of the 90 manufacturing industries showed marked expansions in hourly earnings, average hours worked per week per wage earner, and average weekly earnings over the year interval. Average hours in durable goods in September (42.3 hours) showed a rise of 5.5% over the year, while those in non-durable goods (39.5 hours) increased 5.3%. Hourly earnings in durable goods (84.3 cents) rose 14.6% over September, 1940, while those for the non-durable goods group (66.8) showed a gain of 9.3%. As a result of these increases, average weekly earnings in the durable goods group ($36.79) were 21.6% above September, 1940, compared to an increase of 15.2% over the year in non-durable goods ($25.75).

Among the non-manufacturing industries surveyed, anthracite and bituminous coal mines reported slight declines in weekly earnings from mid-August to mid-September, resulting from reduced hours. These industries have shown marked gains in hours worked during the past year. Average weekly earnings in anthracite coal mines in September, 1941, amounted to $32.60, a rise of 25.6% over September, 1940. Bituminous coal mines reported average weekly earnings of $32.76, a rise of 29.3% over the year. Metal mining showed a 2.1% increase in weekly earnings over the month and a rise of 13.8% over the year. Weekly earnings in wholesale and retail trade were 6.4 and 4.6%, respectively, above the levels of September, 1940, and in the private building construction industry a gain of 12.3% was shown over the year interval.

N. Y. State Savings Banks Defense Bond Record

Mutual Savings Banks of New York State sold $10,536,000 of Defense Bonds and Stamps during October, according to figures released on Nov. 14 by the Savings Banks Association of the State of New York. This brings the sales by the Savings Banks for the first six months of the campaign to $66,596,000 or an average of better than $11,000,000 per month, says the announcement issued by the Association, which also says:

October Defense Security purchases were 30% higher than September, approximated those during May, the first month of the campaign, and were only exceeded during July. The increase reflects in part the added efforts of the Savings Banks in bringing these issues before their customers. However, the sales figures do not yet include much in the way of purchases through Defense Bond Clubs or Payroll Allotment accounts, since it requires several weeks of accumulations to purchase a bond under either of these increasingly popular savings plans.

Sales of 'E' bonds in October accounted for $8,815,000 of the total and stamp sales amounted to $147,138.

Land Bank Held Exempt From State Sales Tax

In a decision by the United States Supreme Court on Nov. 10 it was held that the Federal Land Bank of St. Paul is exempt from State sales taxes in the case of a purchase of lumber by the Land Bank to improve farm properties in North Dakota acquired by foreclosure proceeding. The decision was delivered by Justice Murphy, said advices to the New York "Journal of Commerce" from its Washington bureau, which added:

The opinion pointed out that the Federal Farm Loan Act specifically exempted the banks from State taxation. Mr. Justice Murphy held that Congress can constitutionally immunize from State taxation the activities of its agents, one of which, in this case, was engaged in furthering a governmental lending function.

The Court denied that lending function of Federal Land Banks are private rather than governmental in nature, and added that 'when Congress constitutionally creates a corporation through which the Federal Government lawfully acts, the activities of such corporation are governmental.'

Life Presidents' Meeting Speakers Announced

Leaders in a wide range of activities will join life insurance executives in discussing America's defense work and the part of their respective fields therein when The Association of Life Insurance Presidents holds its 35th annual convention at The Waldorf-Astoria, New York City, on Dec. 11 and 12.

The speakers from outside the life insurance business, listed in the preliminary program announced by the Association, include General George C. Marshall, Chief of Staff of the United States Army; Juan T. Trippe, President of the Pan American Airways System; Gov. Harold E. Stassen of Minnesota, Dr. Douglas S. Freeman, Editor and Member of the Board of Directors of the Richmond "News Leader," and Pres. William H. Cowley, of Hamilton College.

The theme of the meeting will be "Life Insurance in Defense of Democracy." To aid in developing the life insurance side of the discussions, the Association is making a number of special surveys and the results of these studies will be presented at the Convention in addresses by leading life insurance executives.

The sessions will be opened on the morning of Dec. 11 with an address by the Convention Chairman, O. J. Arnold, President of the Northwestern National Life Insurance Co., Minneapolis. He will discuscs the central theme. In the course of his address he will present the results of research undertaken to forecast amounts of new life insurance purchased and life insurance in force at the close of the year, and disbursements to policyholders and beneficiaries during 1941.

Other data being assembled by the Association relate to life insurance investments. These will be analyzed by Elbert S. Brigham, President of the National Life Insurance Co., of Vermont, in an address on "Investing for Security of Home and Nation." A. N. Mitchell, President of The Canada Life Assurance Co., Toronto, will discuss "Life Insurance as a War Industry." Another speaker will be Francis V. Keesling, President and General Counsel of the West Coast Life Insurance Co., San Francisco.

The activities of the life insurance field forces and their relationship to the defense of democracy will be discussed by Frank F. Weidenborner, Agency Vice-President of The Guardian Life Insurance Co., New York. Charles F. Hobbs, President of the National Association of Insurance Commissioners and Commissioner of Insurance of Kansas, will represent the field of insurance supervision on the program.

Previous reference to Conventions plans was given in these columns of Oct. 30, page 833.

OPM Restricts Use Of Chromium, Chrome Steel

The Office of Production Management on Nov. 26 placed chromium and chrone steel under strict priority control. The effect of the two orders, issued by Priorities Director Nelson, is to insure the use of available stocks for the defense program. The Priorities Director has full control of deliveries of chromium and manufacturers are prohibited from filling or delivering orders for high chrome content steel except on an A-10 or higher preference rating. The order also restricts the use of chromium oxide in chemicals to the monthly average use in the twelve months ended June 30. Chromium is largely used in the manufacture of hardened and stainless steel and in the chemical industry for tanning leather and as a dye pigment.

STOCK OF MONEY IN THE COUNTRY

The Treasury Department in Washington has issued the customary monthly statement showing the stock of money in the country and the amount in circulation after deducting the moneys held in the United States Treasury and by Federal Reserve banks and agents. The figures this time are for Oct. 31, 1941, and show that the money in circulation at that date (including, of course, that held in bank vaults of member banks of the Federal Reserve System) was $10,363,848,903, as against $10,162,760,918 on Sept. 30, 1941, and $8,300,104,221 on Oct. 31, 1940, and comparing with $5,698,214,612 on Oct. 31, 1920. Just before the outbreak of the World War, that is, on June 30, 1914, the total was only $3,459,434,174. The following is the full statement:

CIRCULATION STATEMENT OF UNITED STATES MONEY—OCTOBER 31, 1941

KIND OF MONEY	TOTAL AMOUNT	MONEY HELD IN THE TREASURY: Total	Amount held as secur. against Gold and Silver Ctfs. (and Treas. Notes of 1890)	Reserve against U. S. Notes (and Treasury Notes of 1890)	Held for Federal Reserve Banks and Agents	All Other Money	MONEY OUTSIDE OF THE TREASURY: Total	Held by Federal Res. Banks and Agents	g In Circulation: Amount	Per Capita	POPULATION OF CONTINENTAL U. S. (ESTIM.)
Gold	a$22,799,745,308	$22,799,745,308	$20,633,155,323	$156,039,431	—	d$2,010,550,554	—	—	—	—	—
Gold Certificates	b(20,633,155,323)	b(17,756,141,314)	—	—	bc($17,756,141,314)	—	$2,877,014,009	$2,815,444,500	$61,569,509	$0.46	—
Standard Silver Dollars	547,077,816	487,340,444	475,017,084	—	—	12,323,360	59,737,372	2,374,757	57,362,619	.43	—
Silver Bullion	1,465,633,607	1,465,633,607	1,465,633,607	—	—	—	—	—	—	—	—
Silver Certificates	b(1,939,491,519)	—	—	—	—	—	1,939,491,519	224,729,061	1,714,762,458	12.83	—
Treasury Notes of 1890	b(1,159,172)	—	—	—	—	—	1,159,172	—	1,159,172	.01	—
Subsidiary Silver	481,853,120	6,951,940	—	—	—	6,951,940	474,901,180	11,475,380	463,425,800	3.47	—
Minor Coin	209,894,977	1,986,390	—	—	—	1,986,390	207,908,587	3,382,070	204,526,517	1.53	—
United States Notes	346,681,016	2,992,338	—	—	—	2,992,338	343,688,678	26,767,687	316,920,991	2.37	—
Federal Reserve Notes	7,778,125,725	15,423,865	—	—	—	15,423,865	7,762,701,860	384,618,340	7,378,083,520	55.21	—
Federal Reserve Bank Notes	20,067,889	191,459	—	—	—	191,459	19,876,430	132,700	19,743,730	.15	—
National Bank Notes	147,638,735	537,944	—	—	—	537,944	147,100,791	806,200	146,294,591	1.09	—
Total, Oct. 31, 1941	$33,796,718,193	$24,780,803,295	$22,573,806,014	$156,039,431	b($17,756,141,314)	e$2,050,957,850	f$13,833,579,598	$3,469,730,695	$10,363,848,903	$77.55	133,633,000
Comparative Totals:											
Sept. 30, 1941	$33,562,866,198	$24,733,747,620	$22,452,888,871	$156,039,431	$17,645,315,264	$2,124,819,318	$13,636,692,185	$3,473,931,267	$10,162,760,918	$76.11	133,527,000
Oct. 31, 1940	30,410,404,993	23,407,258,215	21,219,320,061	156,039,431	16,473,658,042	2,031,898,723	11,748,808,797	3,448,704,576	8,300,104,221	*62.68	*132,422,000
Oct. 31, 1920	8,479,620,824	2,436,864,530	718,674,378	152,979,026	1,212,360,791	352,850,336	6,761,430,672	1,063,216,060	5,698,214,612	53.21	107,096,000
March 31, 1917	5,396,596,677	2,953,020,313	2,681,691,072	152,979,026	—	117,350,216	5,126,267,436	953,321,522	4,172,945,914	40.23	103,716,000
June 30, 1914	3,797,825,099	1,845,569,804	1,507,178,879	150,000,000	—	188,390,925	3,459,434,174	—	3,459,434,174	34.93	99,027,000
Jan. 1, 1879	1,007,084,483	212,420,402	21,602,640	100,000,000	—	90,817,762	816,266,721	—	816,266,721	16.92	48,231,000

*Revised figures.

a Does not include gold other than held by the Treasury.

b These amounts are not included in the total, since the gold or silver held as security against gold and silver certificates and Treasury notes of 1890 is included under gold, standard silver dollars, and silver bullion, respectively.

c This total includes credits with the Treasurer of the United States payable in gold certificates in (1) the Gold Certificate Fund-Board of Governors, Federal Reserve System, in the amount of $17,741,587,511, and (2) the redemption fund for Federal Reserve notes in the amount of $14,553,803.

d Includes $1,800,000,000 Exchange Stabilization Fund and $143,283,072 balance of increment resulting from reduction in weight of the gold dollar.

e Includes $59,300,000 lawful money deposited as a reserve for Postal Savings deposits.

f The amount of gold and silver certificates and Treasury notes of 1890 should be deducted from this amount before combining with total money held in the Treasury to arrive at the total amount of money in the United States.

g The money in circulation includes any paper currency held outside the continental limits of the United States.

NOTE—There is maintained in the Treasury—(i) as a reserve for United States notes and Treasury notes of 1890—$156,039,431 in gold bullion; (ii) as security for Treasury notes of 1890—an equal dollar amount in standard silver dollars (these notes are being canceled and retired on receipt); (iii) as security for outstanding silver certificates—silver in bullion and standard silver dollars of a monetary value equal to the face amount of such silver certificates; and (iv) as security for gold certificates—gold bullion of a value at the legal standard equal to the face amount of such gold certificates. Federal Reserve notes are obligations of the United States and a first lien on all the assets of the issuing Federal Reserve Bank. Federal Reserve notes are secured by the deposit with Federal Reserve agents of a like amount of gold certificates or of gold certificates and such discounted or purchased paper as is eligible under the terms of the Federal Reserve Act, or, until June 30, 1943, of direct obligations of the United States if so authorized by a majority vote of the Board of Governors of the Federal Reserve System. Federal Reserve banks must maintain a reserve in gold certificates of at least 40%, including the redemption fund which must be deposited with Treasurer of the United States, against Federal Reserve notes in actual circulation. "Gold certificates" as herein used includes credits with the Treasurer of the United States payable in gold certificates. Federal Reserve Bank notes and National bank notes are in process of retirement.

Production And Utilization Of Electric Energy In The United States For Sept. And Oct. 1941

The production of electric energy for public use during the month of October, 1941, totaled 14,991,953,000 kilowatt-hours according to reports filed with the Federal Power Commission. This represents an increase of 17.0% when compared with October, 1940.

The average daily production of electric energy for public use for the third consecutive month reached an all-time high of 515,187,000 kilowatt-hours during October. This is an increase of 1.4% when compared with the average daily production during the month of September, 1941, and is the third time that the average daily production has reached the half billion kilowatt-hour mark.

The effect of drought conditions on production by hydroelectric plants, particularly in the South Atlantic and East South Central regions, is evident in the table below. Due to excessive rainfall in the West North Central and West South Central regions, the hydroelectric production in those areas for the current month was 178.7% and 245.2% respectively more than the October, 1940 production.

HYDROELECTRIC PRODUCTION OCTOBER 1941 COMPARED WITH OCTOBER 1940

Region	% change Oct. 1941 over Oct. 1940	Region	% change Oct. 1941 over Oct. 1940
New England	— 7.7	East South Central	— 22.0
Middle Atlantic	— 3.9	West South Central	+245.2
East North Central	+ 66.7	Mountain	+ 21.6
West North Central	+178.7	Pacific	+ 23.9
South Atlantic	— 25.2	United States Total	+ 14.9

For South Atlantic and East South Central regions the hydroelectric production for October, 1941, was lower than September, 1941, by 2.0% and 11.9% respectively.

The production by water power in October amounted to 4,182,949,000 kilowatt-hours, or 27.9% of the total output for public use.

Total production for public use for the twelve-month period ending Oct. 31, 1941, was 161,045,000,000 kilowatt-hours as compared with a production of 139,901,000,000 kilowatt-hours for the twelve-month period ending Oct. 31, 1940, representing an increase of 15.1% over the previous period.

The movement of electric energy across state lines totaled 3,150,061,000 kilowatt-hours or 21.0% of the amount generated for public use.

The net imports from Canada totaled 78,968,000 kilowatt-hours and the net exports to Mexico were 2,021,000 kilowatt-hours, leaving a net balance of 76,947,000 kilowatt-hours imported to the United States.

Reports were received during November, 1941, indicating that the capacity of generating plants in service in the United States on Oct. 31, 1941, totaled 43,412,706 kilowatts. This is a net increase of 455,670 kilowatts over that previously reported in service on Sept. 30, 1941. Occasionally changes are made in plants which are not reported promptly so that the figures shown for any one month do not necessarily mean that all the changes were made during that month but that they were reported to the Commission since the previous monthly report was issued.

PRODUCTION OF ELECTRIC ENERGY FOR PUBLIC USE IN THE UNITED STATES

(In Thousands of Kilowatt-hours)

Division—	By Water Power 1941 September	By Water Power 1941 October	By Fuels 1941 September	By Fuels 1941 October	Total 1941 September	Total 1941 October
New England	127,522	159,732	714,253	753,176	841,775	912,908
Middle Atlantic	462,580	502,453	2,863,427	3,113,724	3,326,007	3,616,177
East North Central	256,954	318,110	3,063,692	3,233,741	3,320,646	3,551,851
West North Central	244,042	310,503	593,527	596,565	837,569	907,068
South Atlantic	270,599	265,059	1,498,398	1,656,862	1,768,997	1,921,921
East South Central	479,458	422,350	358,988	410,161	838,446	832,511
West South Central	54,298	82,878	757,558	737,089	811,856	819,967
Mountain	727,251	783,758	142,588	126,519	869,839	910,277
Pacific	1,353,554	1,338,106	155,854	181,167	1,509,408	1,519,273
United States Total	3,976,258	4,182,949	10,148,285	10,809,004	14,124,543	14,991,953

AVERAGE DAILY PRODUCTION OF ELECTRIC ENERGY*

(In Thousands of Kilowatt-hours)

Month	Water Power 1941	Water Power 1940	Fuel 1941	Fuel 1940	Total 1941	Total 1940	Percent Change 1941/1940
January	158,661	110,145	304,274	306,979	462,935	417,124	11.1
February	150,455	118,468	313,581	288,000	464,036	406,468	14.2
March	153,435	136,898	304,422	258,050	457,857	394,948	15.9
April	171,042	161,089	279,802	230,841	450,844	391,930	15.0
May	147,914	159,031	319,814	237,785	467,728	396,816	17.9
June	145,123	152,060	338,158	257,913	483,281	409,973	17.9
July	151,609	143,845	334,190	267,905	485,799	411,750	18.0
August	136,754	136,206	363,708	284,575	500,462	420,781	18.9
September	143,031	140,121	365,046	288,713	508,077	428,834	18.5
October	143,744	125,155	371,443	315,003	515,187	440,158	17.0
November	—	147,145	—	311,274	—	458,419	—
December	—	154,210	—	309,627	—	463,837	—

*Computed by dividing the monthly production by the number of equivalent week days in the month in question.

Coal Stock and Consumption

Coal consumption by electric power plants was 6,218,064 tons in October, 1941, which is an increase of 400,757 tons from the September, 1941, consumption. Of this total 5,944,991 tons were bituminous coal and 273,073 tons were anthracite. These are increases of 7.1% in the consumption of bituminous coal and 3.0% in the consumption of anthracite when compared with the preceding month which had one less day.

The consumption of fuel oil during October, 1941, totaled 1,816,956 barrels as compared wtih 1,654,815 barrels during September or an increase of 9.8%. During the same interval the consumption of gas decreased to 18,728,006 MCF in October from 19,926,785 MCF in September, representing a decrease of 6.0%.

The total stock of coal on hand at electric utility power plants on Nov. 1, 1941, was 13,290,566 tons. This was an increase of 2.6% as compared with Oct. 1, 1941, and an increase of 6.2% as compared with Nov. 1, 1940. Of the total stock, 11,918,911 tons were bituminous coal and 1,371,655 tons were anthracite, increases of 2.4 and 4.1% respectively when compared with Oct. 1, 1941.

In terms of days' supply, which is based on the rate of consumption for the month in question, there were sufficient stocks of bituminous coal on hand Nov. 1, 1941, to last 62 days and sufficient anthracite for 156 days' requirements. These may be compared with 63 and 149 days' supply respectively for the previous month.

Bank Defense Loans Up

A continued increase in the volume of loans made by banks for the financing of defense orders was reported by the American Bankers Association in a survey released for publication on Nov. 24. This survey showed that 376 banks in 146 cities had $1,765,000,000 of defense loans outstanding on Sept. 30, an increase of more than $460,000,000 over the total outstanding on June 30. The announcement from the Association also says:

The A.B.A. report was based on its quarterly sampling survey of 500 of the country's larger banks. Of the 500 banks queried, 376 institutions in 146 cities replied that they had outstanding on Sept. 30 defense loan commitments totaling $1,765,584,174 on 9,046 loans.

The survey revealed that 72% of the commitments were made without assignments of contract and that assignments were required in only 28% of the defense loan transactions.

The 376 banks reported 3,785 defense loan commitments for production of supplies and equipment totaling $767,771,091 and 2,892 commitments for construction work and plant facilities totaling $633,153,609.

In addition, they reported 2,369 other defense loan commitments for "working capital purposes," totaling $364,659,474.

Corn Loan Repayments

The Department of Agriculture reported on Nov. 22 that 87,478 loans made by Commodity Credit Corporation, representing 92,539,619 bushels of 1940 corn and 1938-39 resealed corn, were repaid from Jan. 1, 1941 through Nov. 15, 1941. The Department added:

Repayments were made on 55,770,757 bushels pledged under loan in 1938-39 and resealed under farm storage, and on 36,798,862 bushels of 1940 corn. There remained outstanding a total of 186,510 loans on 211,383,503 bushels, of which 144,968,824 bushels were resealed from 1938 and 1939 crops and 66,414,679 bushels were from the 1940 crop.

Lumber Movement Week Ended Nov. 22

Lumber production during the holiday week ended Nov. 22, 1941, was 10% less than the previous week; shipments were 13% less; new business 11% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 2% below production; new orders 6% below production. Compared with the corresponding week of 1940 production was 2% less, shipments 18% less, and new business 13% less. The industry stood at 118% of the average of production in the corresponding week of 1935-39 and 121% of average 1935-39 shipments in the same week.

Year-to-date Comparisons

Reported production for the 47 weeks of 1941 to date was 12% above corresponding weeks of 1940; shipments were 11% above the shipments, and new orders, 7% above the orders of the 1940 period. For the 47 weeks of 1941 to date, new business was 4% above production, and shipments were 5% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 31% on Nov. 22, 1941, compared with 33% a year ago. Unfilled orders were 14% less than a year ago; gross stocks were 10% less.

Softwoods and Hardwoods

Record for the current week ended Nov. 22, 1941, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

Softwoods and Hardwoods

	1941 Week	1940 Week	1941 Previous Wk. (rev.)
Mills	464	464	468
Production	208,053	213,253	231,022
Shipments	203,301	246,596	233,261
Orders	196,101	225,036	219,696

	Softwoods 1941 Week		Hardwoods 1941 Week	
Mills	388		89	
Production	197,993	—100%	10,060	—100%
Shipments	192,989	97	10,312	103
Orders	188,799	95	7,302	73

Plan Post-War Farming

Announcement was made on Nov. 19 by the United States Department of Agriculture of the establishment of a nation-wide organization of farmers and Department workers to make plans for a three-point program for agriculture in the post-war period. A Department Committee on Post-Defense Planning and nine regional committees were named by Claude R. Wickard, Secretary of Agriculture, to draft a broad agricultural plan for "a post-war world in which we will make full use of our man power and our resources for the benefit of the American people." The Washington committee is headed by Roy I. Kimmel, of the Bureau of Agricultural Economics, and includes representatives of all the major agencies in the Department.

These committees, the Department of Agriculture said, will work in cooperation with the State agricultural colleges, and the State and county agricultural planning committees, which include 122,000 farm men and women in nearly 1,900 counties.

In a memorandum setting up the new planning organization, Secretary Wickard said:

In some quarters there is a fear that a severe economic depression is inevitable when the defense effort ceases.

The Department of Agriculture does not share this pessimism. We believe the country need never go through a major economic depression again. We believe it is possible to maintain a national income greater than ever before in the history of the Nation.

Wholesale Prices Down Slightly In Week Ended Nov. 22, Reports Labor Bureau

The general level of commodity prices in wholesale markets declined slightly during the week ended Nov. 22, Acting Commissioner Hinrichs of the Bureau of Labor Statistics reported on Nov. 27. The all-commodity index stood at 92.2% of the 1926 average as against a peak of 92.3 reached the preceding week. The average for the nearly 900 price series included in the index are 1% above the corresponding week of October and 16% above a year ago.

The Labor Bureau's announcement goes on to state:

The price movement was very narrow and varied. Farm products dropped 0.4% and fuel and lighting materials declined 0.3%. Foods, textile products, and miscellaneous commodities declined 0.1%. Hides and leather products, on the contrary, advanced 0.7%, building materials rose 0.3%, and housefurnishing goods were up 0.1%.

A sharp decline in prices for livestock and poultry—particularly cattle, sheep, and live poultry at New York — together with weakening prices for corn, barley, cotton and citrus fruits, largely accounted for the decrease of 0.4% in the farm products group index. Quotations were higher for oats, rye, wheat, for hogs, and for hay, seeds and eggs. Notwithstanding the decline, average wholesale market prices for farm products are more than 31% above a year ago.

Lower quotations for fresh fruits and vegetables were mainly responsible for the drop in the food index. Prices were also weaker for butter, cheese, flour, corn meal, for fresh pork, lard, most vegetable oils, and for pepper and tea. Higher prices were reported for rice, certain canned and dried fruits, for fresh beef at New York, cured pork, lamb, and for cocoa beans and coffee. Cattle feed prices fell 1.8%.

A sharp advance in prices for luggage, together with increased prices for sheepskins and leather, brought the hides and leather products group index up 0.7% to the highest point in almost 13 years.

Under the sliding scale (established by the Office of Price Administration), based on the price of raw cotton, quotations for most cotton fabrics and yarns declined during the week.

Average prices for petroleum products declined 0.5% because of decreases for Pennsylvania fuel oil and gasoline. Bituminous coal in certain sections advanced slightly and prices were also higher for gasoline from the California fields. Building material prices averaged higher than for the preceding week because of advancing markets for most types of yellow pine, and for cement, rosin, and turpentine.

The following tables show (1) index numbers for the principal groups of commodities for the past 3 weeks, for Oct. 25, 1941 and Nov. 23, 1940 and the percentage changes from a week ago, a month ago, and a year ago (2) percentage changes in subgroup indexes from Nov. 15 to Nov. 22, 1941.

(1926 = 100)

Commodity Groups	11-22 1941	11-15 1941	11-8 1941	10-25 1941	11-23 1940	Percentage changes to Nov. 22, 1941 from— 11-15 1941	10-25 1941	11-23 1940
All Commodities	92.2	92.3	91.7	91.2	79.5	—0.1	+1.1	+16.0
Farm products	90.3	90.7	89.6	88.1	68.8	—0.4	+2.5	+31.3
Foods	89.5	89.6	88.8	87.5	72.8	—0.1	+2.3	+22.9
Hides and leather products	114.9	114.1	114.1	113.2	103.1	+0.7	+1.5	+11.4
Textile products	90.4	90.5	90.4	90.3	74.2	—0.1	+0.1	+21.8
Fuel and lighting materials	79.4	79.6	79.7	79.9	72.4	—0.3	—0.6	+ 9.7
Metals and metal products	103.4	103.4	102.2	102.2	97.4	0.0	+1.2	+ 6.2
Building materials	107.4	107.1	107.1	107.0	98.8	+0.3	+0.4	+ 8.7
Chemicals and allied products	89.5	89.5	89.8	89.6	77.5	0.0	—0.1	+15.5
Housefurnishing goods	101.7	101.6	100.1	99.9	90.2	+0.1	+1.8	+12.7
Miscellaneous commodities	87.1	87.2	85.9	85.5	77.5	—0.1	+1.9	+12.4
Raw materials	89.7	89.9	89.2	88.2	72.7	—0.2	+1.7	+23.4
Semi-manufactured articles	89.5	89.6	89.5	89.7	80.5	—0.1	—0.2	+11.2
Manufactured products	94.0	94.1	93.5	93.1	82.9	—0.1	+1.0	+13.4
All commodities other than farm products	92.6	92.7	92.2	91.9	81.8	—0.1	+0.8	+13.2
All commodities other than farm products and foods	93.6	93.6	93.1	93.0	84.3	0.0	+0.6	+11.0

Percentage Changes in Subgroup Indexes from Nov. 15 to Nov. 22, 1941

Increases

Other leather products	5.1	Furnishings	0.2
Other foods	0.9	Cement	0.2
Lumber	0.8	Bituminous coal	0.1
Paint & paint materials	0.4	Leather	0.1
Hides and skins	0.3	Meats	0.1
Other farm products	0.1		

Decreases

Fruits & vegetables	2.0	Dairy products	0.3
Cattle feed	1.8	Oils and fats	0.3
Livestock and poultry	1.3	Cereal products	0.1
Grains	0.7	Fertilizer materials	0.1
Petroleum products	0.5	Other building materials	0.1
Cotton goods	0.3	Other textile products	0.1

October Building Permit Valuations 33% Lower Than October Last Year

October building permit valuations were 33% lower than during the corresponding month of 1940, Secretary of Labor Frances Perkins reported on Nov. 29. "The decrease was caused by a falling off of 21% in indicated expenditures for new residential buildings and a decline of 54% in the value of new non-residential buildings," she said. "Estimated expenditures for additions, alterations, and repairs increased 22% in October, 1941, as compared with October, 1940." Miss Perkins further stated:

As compared with September, 1941, October valuations also showed a decline amounting to 12%. This decrease was caused by a drop in the value of contracts awarded for Federal construction. Privately financed building construction showed a gain of 8% between September and October. The value of new residential buildings showed a falling off of 18% from September, while there was a decrease of 14% in indicated expenditures for new non-residential buildings and an increase of 16% in the permit valuations of additions, alterations and repairs.

During the first 10 months of 1941, permits were issued in reporting cities for buildings valued at $2,354,497,000, an increase of 13% as compared with the corresponding period of 1940. Permit valuations for new residential buildings for the first 10 months of the current year amounted to $1,280,990,000, a gain of 18% as compared with the like period of the preceding year. Over the same period permit valuations for new non-residential buildings increased 7%, while additions, alterations and repairs registered a gain of 8%.

The Labor Department's announcement further said:

The Bureau's tabulations include contracts awarded by Federal and State Governments in addition to private and municipal construction. For October, 1941, Federal and State construction in the 2,192 reporting cities totaled $28,331,000; for September, 1941, $73,222,000, and for October, 1940, $104,105,000.

Changes in permit valuations in the 2,192 reporting cities between October, 1941 and October, 1940, and September, 1941 are summarized below:

Class of Construction—	Change from Oct., 1940, to Oct., 1941 All Cities	Excluding N. Y. City
New residential	—21.0%	—17.3%
New non-residential	—54.1%	—56.4%
Additions, alterations, and repairs	+21.5%	+21.3%
All construction	—32.7%	—33.1%

Class of Construction—	Change from Sept., 1941, to Oct., 1941 All Cities	Excluding N. Y. City
New residential	—18.0%	—20.1%
New non-residential	—13.9%	—19.3%
Additions, alterations, and repairs	+16.3%	+14.9%
All construction	—12.4%	—15.7%

Comparisons in permit valuations in cities reporting for the first 10 months of 1940 and 1941 are shown in the following table:

Class of Construction—	Change from First 10 Months of 1940 to First 10 Months of 1941 All Cities	Excluding N. Y. City
New residential	+17.9%	+22.7%
New non-residential	+ 7.2%	+ 6.7%
Additions, alterations, and repairs	+ 8.4%	+10.3%
All construction	+12.9%	+15.5%

New housekeeping dwellings for which permits were issued in the 2,192 reporting cities in October, 1941, will provide 28,993 dwelling units, or 19% fewer than the 35,651 dwelling units reported in September and 26% less than the number provided in October, 1940. Dwelling units in publicly financed housing projects included in these totals numbered 3,002 in October, 1941, 9,090 in September, 1941, and 9,693 in October, 1940.

Principal centers of various types of building construction for which permits were issued or contracts were awarded in October, 1941 were: Bridgeport, Conn., factories to cost $628,000; Boston, Mass., buildings at navy yard to cost $1,000,000 and a pier at naval drydock to cost $972,000; Newport, R. I., public buildings to cost $656,000; Belleville, N. J., factories to cost $1,136,000; New York City—Borough of Brooklyn, 1-family dwellings to cost $870,000 and machine shops at navy yard to cost $2,800,000; Borough of Manhattan, multifamily dwellings to cost $1,260,000 and stores to cost $598,000; Borough of Queens, 1-family dwellings to cost $1,-168,000, 2-family dwellings to cost $575,000 and multifamily dwellings to cost $955,000; Philadelphia, Pa., 1-family dwellings to cost $1,121,000; Pittsburgh, Pa., plant rehabilitation to cost $2,818,000; Chicago, Ill., 1-family dwellings to cost $2,178,000; Indianapolis, Ind., 1-family dwellings to cost $596,000; Detroit, Mich., 1-family dwellings to cost $2,908,000; Pontiac, Mich., factories to cost $741,-000; Cincinnati, Ohio, 1-family dwellings to cost $581,000; Cleveland, Ohio, 1-family dwellings to cost $1,062,000 and factories to cost $818,000; Columbus, Ohio 1-family dwellings to cost $776,000; St. Louis, Mo., factories to cost $1,272,000; Washington, D. C., 1-family dwellings to cost $974,000, multifamily dwellings to cost $793,000 and a public building to cost $712,000; Miami, Fla., 1-family dwellings to cost $930,000; Arlington County, Va., 1-family dwellings to cost $580,000; Baltimore, Md., 1-family dwellings to cost $1,815,000 and stores to cost $514,000; Baltimore County, Dist. 12, Md., public works and utilities to cost $680,000; New Orleans, La., a radio station at navy yard to cost $824,000; Houston Tex., 1-family dwellings to cost $1,224,000; Wichita Falls, Tex., public works and utilities to cost $650,000; Denver, Colo., 1-family dwellings to cost $743,000; Long Beach, Calif., 1-family dwellings to cost $1,267,000; Los Angeles, Calif., 1-family dwellings to cost $4,014,-000 and multifamily dwellings to cost $871,000; Oakland, Calif., 1-family dwellings to cost $544,000; San Diego, Calif., 1-family dwellings to cost $720,000 and a factory to cost $8,001,000; Portland, Ore., 1-family dwellings to cost $580,000; and Seattle, Wash., 1-family dwellings to cost $976,000.

Contracts were awarded during October for the following publicly financed housing projects containing the indicated number of dwelling units: Clifton, N. J., $659,000 for 150 units; Burlington, Iowa, $734,000 for 200 units; Kansas City, Kans., $1,342,000 for 350 units; Baltimore, Md., $3,687,000 for 896 units; Fayetteville, N. C., $301,000 for 112 units; Alexandria, Va., $59,000 for 18 units; Dallas, Tex., $1,604,000 for 470 units; Twin Falls, Idaho, $182,000 for 56 units; Fresno, Calif., $561,000 for 216 units; Los Angeles, Calif., $1,-715,000 for 449 units; and Pendleton, Ore., $327,000 for 85 units.

SUMMARY OF BUILDING CONSTRUCTION FOR WHICH PERMITS WERE ISSUED IN 2,192 CITIES, BY GEOGRAPHIC DIVISION, OCTOBER, 1941

Geographic Division	No. of Cities Reporting	New Residential Buildings: Permit Valuation Oct., '41	% Change from Sept., 1941	Oct., 1940	No. of New Dwelling Units Oct., '41	% Change from Sept., 1941	Oct., 1940
All divisions	2,192	$112,216,374	—18.0	—21.0	28,993	—18.7	—25.5
New England	142	7,037,902	—10.6	—31.7	1,511	—10.6	—39.6
Middle Atlantic	556	18,881,251	—27.4	—34.0	4.220	—31.9	—41.7
East North Central	480	25,033,136	—30.4	—31.3	5,208	—34.1	—37.5
West North Central	207	7,199,005	+ 1.5	+19.3	1,900	+ 5.0	+13.6
South Atlantic	250	17,977,772	— 4.4	—12.9	5,129	—10.4	—22.1
East South Central	90	2,424,905	—24.3	— 1.9	1,123	—14.0	— .1
West South Central	128	8,540,347	—21.5	+28.3	2,835	—19.6	+27.4
Mountain	105	3,031,101	—13.8	+13.2	945	— 5.5	+10.7
Pacific	234	22,090,955	— 5.8	—21.5	6,122	— 5.7	—26.9

Geographic Division	New Non-Residential Bldgs. Permit Valuation Oct., 1941	% Change from Sept., 1941	Oct., 1940	Total Building Construction (Includ. Alterations & Repairs) Permit Valuation Oct., 1941	% Change from Sept., 1941	Oct., 1940	Population (Census of 1940)
All divisions	$70,361,982	— 13.9	— 54.1	$218,361,585	—12.4	—32.7	64,668,454
New England	8,928,943	+ 40.8	— 53.6	19,165,200	+ 8.9	—40.5	5,658,942
Middle Atlantic	15,259,649	+ 54.2	— 49.7	42,978,081	— .2	—35.8	19,372,673
East North Central	10,875,761	— 7.8	— 27.5	44,485,613	—18.4	—22.6	15,458,821
West North Central	3,308,947	— 2.4	— 59.5	13,034,110	+ 2.7	—19.1	4,836,586
South Atlantic	7,919,407	— 78.2	— 78.7	29,773,061	—49.4	—51.4	5,762,359
East South Central	925,859	— 9.6	— 67.7	4,341,337	—16.9	—30.9	2,291,098
West South Central	5,520,584	+176.3	+118.6	15,728,723	+ 7.2	+50.2	3,747,673
Mountain	905,423	— 23.9	— 28.9	4,710,728	—14.6	+ 2.0	1,420,140
Pacific	16,717,409	+ 72.5	— 54.4	44,144,732	+18.6	—36.3	6,120,162

World Prices Steady

General Motors Corp. and Cornell University, which prior to the European war had collaborated in the publication of a world commodity price index, have resumed issuance of international price statistics, but on a different basis than before the war. Instead of a composite index of world prices, these organizations now are publishing the information only as individual country indexes.

The index is built upon 40 basic commodities and the list is the same for each country in so far as possible. Each commodity is weighted uniformly for each country, according to its relative importance in world production. The actual price data are collected weekly by General Motors overseas operations from sources described as "the most responsible agencies available in each country, usually a government department." The commodities involved include "a comprehensive list of several groups, including grains, livestock and livestock products, miscellaneous foods (coffee, cocoa, tea, sugar, &c.), textiles, fuels, metals and a list of other miscellaneous materials (rubber, hides, lumber, newsprint, linseed oil, &c.)." Weights assigned in the index to the different commodity groups are as follows: Grains, 20; livestock and livestock products, 19; vegetable fats and other foods, 9; textiles, 12; fuel, 11; metals, 11; miscellaneous, 18.

The indexes, which are based on prices expressed in the currency of each country, were reported Dec. 1 as follows:

(August, 1939=100)

	Argentina	Australia	Canada	England	Java	Mexico	New Zeal'd	Sweden	Switzerland	United States
1940—										
May	120	118	120	143	116	113	112	131	132	112
June	118	118	120	144	116	113	114	131	136	109
July	118	118	120	145	115	112	114	132	140	109
August	118	119	120	150	115	111	120	132	144	109
September	116	120	121	145	116	110	122	135	153	111
October	113	123	122	145	117	110	120	139	158	114
November	113	125	124	146	118	111	118	142	164	118
December	113	126	126	149	120	111	119	144	168	118
1941—										
January	114	127	126	150	r120	111	119	144	r172	120
February	114	126	127	150	121	113	119	147	171	120
March	119	122	129	150	123	114	119	154	176	122
April	121	121	131	150	125	115	119	156	180	125
May	126	120	134	r152	129	117	120	156	189	129
June	133	121	137	155	131	119	121	155	193	132
July	r135	r121	r141	r156	r136	r125	r122	r155	194	r136
August	138	121	r142	157	138	127	123	156	196	138
September	r140	122	145	r157	138	r130	r123	156	202	143
October	140	123	143	159	139	132	126	156	---	141
1941—										
Weeks end.:										
Oct. 4	140	122	145	r159	138	131	125	156	*203	143
Oct. 11	140	122	144	r159	138	132	126	156	---	142
Oct. 18	141	123	143	159	139	132	126	156	---	140
Oct. 25	r140	123	r143	r158	140	132	126	157	---	r140
Nov. 1	141	124	142	*158	140	r135	126	157	---	140
Nov. 8	140	124	142	*158	140	r133	125	157	---	r139
Nov. 15	140	124	142	*157	141	133	124	157	---	r141
Nov. 22	142	124	143	*156	141	133	124	157	---	141

* Preliminary. r Revised

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
1940—Month of—					
January	528,155	579,739	167,240	72	71
February	420,639	453,518	137,631	70	71
March	429,334	449,221	129,466	69	70
April	520,907	456,942	193,411	70	70
May	682,490	624,184	247,644	76	72
June	508,005	509,781	236,693	79	73
July	544,221	587,339	196,037	72	73
August	452,613	487,127	162,653	74	73
September	468,870	470,228	163,769	72	73
October	670,473	648,611	184,002	79	73
November	488,990	509,945	161,985	77	73
December	464,537	479,099	151,729	71	73
1941—Month of—					
January	673,446	629,863	202,417	75	--
February	608,521	548,579	261,650	81	--
March	652,128	571,050	337,022	82	--
April	857,732	726,460	447,525	83	--
May	656,437	602,323	488,993	84	--
June	634,684	608,995	509,231	88	--
July	509,231	807,440	737,420	86	--
August	659,722	649,031	576,529	94	--
September	642,879	630,524	578,402	94	--
October	839,272	831,991	568,264	99	--
1941—Week Ended—					
May 3	165,583	147,188	447,525	83	80
May 10	170,436	148,381	466,064	84	80
May 17	161,295	149,884	472,782	84	80
May 24	168,875	152,410	489,915	85	81
May 31	155,831	151,648	488,993	84	81
June 7	156,188	144,481	500,252	84	81
June 14	158,821	156,439	504,786	88	81
June 21	168,561	153,364	518,755	88	82
June 28	151,114	154,711	509,231	90	82
July 5	149,197	129,019	529,633	74	82
July 12	147,365	131,531	542,738	77	82
July 19	168,431	156,989	550,902	92	81
July 26	182,603	160,609	572,532	92	82
Aug. 2	159,844	159,272	572,635	93	83
Aug. 9	174,815	159,894	587,498	91	83
Aug. 16	169,472	162,889	592,840	92	83
Aug. 23	158,403	162,964	584,484	94	83
Aug. 30	157,032	163,284	576,529	97	84
Sept. 6	147,086	133,031	591,414	80	84
Sept. 13	164,057	166,781	589,770	98	84
Sept. 20	176,263	166,797	583,716	99	84
Sept. 27	155,473	163,915	578,402	98	85
Oct. 4	176,619	168,256	582,287	100	85
Oct. 11	159,337	164,374	575,627	99	85
Oct. 18	167,440	165,795	574,991	98	86
Oct. 25	165,279	168,146	568,161	100	86
Nov. 1	170,597	165,420	568,264	99	86
Nov. 8	169,585	159,860	576,923	97	86
Nov. 15	156,394	165,397	570,430	99	87
Nov. 22	145,098	160,889	550,383	96	87

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

New Dwelling Construction In Non-Farm Areas In Nine Months Exceeds Year Ago

Construction was started on 493,000 new dwelling units in non-farm areas of the United States during the first 9 months of 1941, an increase of 25% over the corresponding period of 1940, Secretary of Labor Perkins reported on Nov. 22. "The number of new dwelling units provided during the first 9 months of this year was greater than during any complete calendar year since 1929, with the exception of 1940," Miss Perkins said. "During the entire year 1940, 540,000 new dwelling units were provided in non-farm areas. The Bureau of Labor Statistics of the United States Department of Labor estimates the permit valuation of the new dwelling units put under construction during the first 9 months of 1941 to have reached an aggregate of approximately $1,751,000,000. The non-farm area of the United States is defined by the Bureau of the Census as including all incorporated places, and all unincorporated places except farms." Secretary Perkins added:

Projects containing 82,053 units, or 17% of the non-farm total, were financed with public funds during the first 9 months of this year. These publicly financed developments included 64,600 units designated for occupancy by families of defense workers and military personnel. The remaining 17,453 units were in non-defense projects of the original USHA slum-clearance program. During the first 9 months of 1940, 39,154 units, or 10% of the total number were publicly financed. The defense housing program was just getting started by September of 1940 so that this last total includes only 2,685 defense units, the remainder being in regular USHA projects. By the end of September, 1941, the defense housing program had completed or had under construction contract a total of 88,385 dwelling units. This total does not include trailers, dormitories or portable units.

The gain in new dwelling units provided during the first 9 months of 1941 as compared with the same period of 1940 was entirely due to the 32% increase in one-family dwellings. The number of new apartment units showed no change, while 2-family units decreased 3% from the number during the first 9 months of 1940. Approximately 84% of the non-farm total for the first 9 months of 1941 were 1-family units; 5%, 2-family; and 11%, apartments. This compares with a new dwelling unit distribution during the first 9 months of 1940 of 79%, 1-family; 7%, 2-family; and 14%, apartments.

Although numbers of new dwelling units in cities of all size classifications, and the rural non-farm area as well, were well ahead of the corresponding 1940 figures, the largest gains were experienced in rural non-farm areas and in smaller sized cities. The gain during the first 9 months of 1941 over the same period of last year was 41% in rural non-farm areas, 27% in urban places below 50,000 population, and 15% in urban places over 50,000 population.

The following statistics are made available by Miss Perkins:

Estimated Number of Dwelling Units Provided by New Housekeeping Construction in Non-farm Areas of the United States During the First 9 Months in 1941 and 1940 by Population Group and Type of Dwelling

Population group (1940 census)	All types 1941	All types 1940	1-family dwellings 1941	1-family dwellings 1940	2-family *dwellings 1941	2-family *dwellings 1940	Multifamily †dwellings 1941	Multifamily †dwellings 1940
	—First 9 Months of—							
Total non-farm	492,923	393,383	412,527	312,183	26,403	27,272	53,993	53,928
Percentage change	+25.3	----	+32.1	----	—3.2	----	+0.1	----
Total urban	353,217	294,039	280,081	219,778	22,581	23,577	50,555	50,684
Cities of:								
500,000 and over	83,485	73,562	48,551	39,058	6,778	6,071	28,156	28,433
100,000 to 500,000	75,535	61,442	58,678	44,386	6,228	7,245	10,629	9,811
50,000 to 100,000	34,666	33,270	27,357	26,194	3,289	3,385	4,020	3,691
25,000 to 50,000	41,333	33,932	36,216	27,925	1,995	2,210	3,122	3,797
10,000 to 25,000	56,511	42,788	51,629	37,713	2,369	2,333	2,513	2,742
5,000 to 10,000	35,452	29,293	33,165	26,278	1,176	1,436	1,111	1,579
2,500 to 5,000	26,235	19,752	24,485	18,224	746	897	1,004	631
Rural non-farm	139,706	99,344	132,446	92,405	3,822	3,695	3,438	3,244

*Includes 1- and 2-family dwellings with stores. †Includes multifamily dwellings with stores.

October Automobile Production Below 1940

Statistics on factory sales of automobiles for October 1941, released Nov. 29 by Director J. C. Capt, Bureau of the Census, Department of Commerce show an increase of 63% over September.

Factory sales of automobiles manufactured in the United States, including complete units or vehicles reported as assembled in foreign countries from parts made in the United States, for October 1941 consisted of 382,000 vehicles, of which 295,568 were passenger cars and 86,432 commercial cars, trucks, or road tractors, as compared with 234,255 vehicles in September 1941, 493,223 vehicles in October 1940, and 313,392 vehicles in October 1939. These statistics comprise data for the entire industry.

Statistics for 1941 are based on data received from 69 manufacturers in the United States, 20 making passenger cars and 63 making commercial cars, trucks, or road tractors (14 of the 20 passenger car manufacturers also making commercial cars, trucks, or road tractors). It should be noted that those making both passenger cars and commercial cars, trucks, or road tractors have been included in the number shown as making passenger cars and in the number shown as making commercial cars, trucks, or road tractors, respectively. The figures for passenger cars include those for taxicabs. The figures for commercial cars, trucks, and road tractors include those for ambulances, funeral cars, fire apparatus, street sweepers, station wagons, and buses, but the number of such special purpose vehicles is very small and hence a negligible factor in any analysis for which the figures may be used. Canadian production figures are supplied by the Dominion Bureau of Statistics. Figures for previous months appear in our issue of Oct. 30, page 824.

NUMBER OF VEHICLES (INCLUDING CHASSIS)

Year and month	United States (Factory Sales) Total (all vehicles)	Passenger cars	Trucks, etc.	Canada (Production) Total	Passenger cars	Commercial cars and trucks
1941—						
September	234,255	167,790	66,465	14,496	2,548	11,948
October	382,000	295,568	86,432	19,360	5,635	13,725
Total (10 mos. end. Oct.)	4,203,978	3,313,237	890,741	228,573	80,391	148,182
1940—						
September	269,108	224,470	44,638	15,475	3,410	12,065
October	493,223	421,214	72,009	21,151	7,056	14,095
Total (10 mos. end. Oct.)	3,498,435	2,888,706	609,729	175,999	87,659	88,340
1939—						
September	188,757	161,625	27,132	3,922	3,494	428
October	313,392	251,819	61,573	11,297	7,791	3,506
Total (10 mos. end. Oct.)	2,773,365	2,207,740	565,625	121,694	87,433	34,261

Farm Products Demand

Some additional improvement in the demand for farm products during the next few months was forecast on Nov. 19 in the United States Department of Agriculture's monthly "Demand and Price Situation." The report, prepared by the Bureau of Agricultural Economics, said that "after allowing for seasonal movements, some additional increase in industrial production and employment—should occur during the winter." This should result in "further gains in consumer incomes," and "improvement in the demand for farm products." Increased Government buying of farm products for Lend-Lease shipment was cited as an additional stimulating factor. In summarizing the report the Agriculture Department added:

Prices of a number of farm products have declined since late summer but prices of some of these products, such as hogs, usually decline at this time of year. There also has been a lessening of speculative enthusiasm in agricultural commodity markets. Farm and food products are now expected to rejoin the general advance in commodity prices during coming months, but "the rise is likely to be much more moderate than during most of 1941."

Non-agricultural commodity prices have continued to advance during the past two months but at a more moderate rate than before. The general rise has been held in check by price ceilings and priority limitations on civilian demands for the principal commodities not in ample supply. The upward lift to prices will continue, the Bureau said.

The composite index of prices received by farmers was unchanged in mid-October at the September level, and on the basis of price changes in wholesale markets there was apparently no large change in the general level between mid-October and November. Farm income from marketings increased 15% more than is usual for the season between June and September, when prices received were advancing and marketings were moving toward the October seasonal peak.

The seasonal decline in farm income from October to December may be slightly more than usual, however, as a relatively large volume of wheat, cotton and tobacco already has moved to market.

N. Y. Curb Exchange Defense Savings Day

Special ceremonies marking the eighth month of the New York Curb Exchange's participation in the Treasury Department's Defense Savings Program were held at the Exchange on Nov. 18, in an effort to induce everyone who entered its premises to purchase at least a Defense Savings Stamp.

Fred C. Moffatt, Chairman of Governors of the Curb Exchange, speaking from the trading post to which the Defense securities had been assigned, opened the ceremonies which were held at noon. The U. S. Treasury Department was represented by Nevil Ford, State Administrator of the New York Defense Savings Staff.

Linda Darnell, movie actress, became the first woman in the history of the Curb Exchange to sell securities on its Floor when she acted as specialist in Defense Savings Stamps and Bonds offering "Shares in America" from one of the regular trading posts.

The Curb Exchange was among the first organizations in the country to establish active cooperation in promoting the sale of Defense Bonds and Stamps.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Dec. 1 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Nov. 15, 1941, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Nov. 15 (in round-lot transactions) totaled 462,260 shares, which amount was 11.86% of total transactions on the Exchange of 4,035,480 shares. This compares with member trading during the previous week ended Nov. 8 of 495,610 shares or 14.51% of total trading of 3,440,230 shares. On the New York Curb Exchange, member trading during the week ended Nov. 15 amounted to 106,440 shares, or 11.17% of the total volume on that Exchange of 879,455 shares; during the preceding week trading for the account of Curb members of 89,620 shares was 10.52% of total trading of 768,985 shares.

The Commission made available the following data for the week ended Nov. 15:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total Number of Reports Received	1,053	769
1. Reports showing transactions as specialists	184	100
2. Reports showing other transactions initiated on the floor	173	30
3. Reports showing other transactions initiated off the floor	190	82
4. Reports showing no transactions	584	564

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)
Week Ended Nov. 15, 1941

	Total For Week	Per Cent a
A. Total Round-Lot Sales		
Short sales	90,210	
Other sales b	3,945,270	
Total sales	4,035,480	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	254,300	
Short sales	48,860	
Other sales b	183,760	
Total sales	232,620	6.03
2. Other transactions initiated on the floor		
Total purchases	126,375	
Short sales	19,200	
Other sales b	95,505	
Total sales	114,705	2.99
3. Other transactions initiated off the floor		
Total purchases	114,060	
Short sales	7,500	
Other sales b	107,435	
Total sales	114,935	2.84
4. Total		
Total purchases	494,735	
Short sales	75,560	
Other sales b	386,700	
Total sales	462,260	11.86

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)
Week Ended Nov. 15, 1941

	Total For Week	Per Cent a
A. Total Round-Lot Sales		
Short sales	6,725	
Other sales b	872,730	
Total sales	879,455	
B. Round-Lot Transactions for the Account of Members		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	48,665	
Short sales	5,295	
Other sales b	71,195	
Total sales	76,490	7.12
2. Other transactions initiated on the floor		
Total purchases	6,750	
Short sales	500	
Other sales b	7,625	
Total sales	8,125	0.84
3. Other transactions initiated off the floor		
Total purchases	34,620	
Short sales	500	
Other sales b	21,325	
Total sales	21,825	3.21
4. Total		
Total purchases	90,035	
Short sales	6,295	
Other sales b	100,145	
Total sales	106,440	11.17
C. Odd-Lot Transactions for the Account of Specialists		
Customers' short sales	10	
Customers' other sales c	59,873	
Total purchases	59,883	
Total sales	25,171	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

a Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

b Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

c Sales marked "short exempt" are included with "other sales."

Portland Cement Statistics For October 1941 And For 9 Months Ended Sept. 30, 1941

The portland cement industry in October, 1941, produced 16,688,000 barrels, shipped 17,833,000 barrels from the mills, and had in stock at the end of the month 16,416,000 barrels, according to the Bureau of Mines, U. S. Department of the Interior. Production and shipments of portland cement in October, 1941, showed increases of 19.8% and 13.0%, respectively, as compared with October, 1940. Portland cement stocks at mills were 8.8% lower than a year ago.

The total production for the ten months ended Oct. 31, 1941, amounted to 135,261,000 barrels, as compared with 106,372,000 barrels in the corresponding period last year, while shipments totaled 142,273,000 barrels, as against 111,751,000 barrels in the first ten months of 1940.

The mills value of the shipments—124,440,000 barrels—in the firts nine months of 1941, is estimated as $183,692,000.

According to the reports of producers the shipments totals for the first nine months of 1941 include approximately 4,442,000 barrels of high-early-strength portland cement with an estimated mill value of $8,285,000.

The statistics given below are compiled from reports for October, received by the Bureau of Mines from all manufacturing plants.

In the following statement of relation of production to capacity the total output of finished cement is compared with the estimated capacity of 157 plants at the close of October, 1941, and of 160 plants at the close of October, 1940.

RATIO OF PRODUCTION TO CAPACITY

	Oct. 1940	Oct. 1941	Sept. 1941	Aug. 1941	July 1941
The month	63.7%	78.6%	78.3%	76.5%	74.9%
The 12 months ended	49.3%	63.7%	62.5%	61.0%	59.6%

PRODUCTION, SHIPMENTS AND STOCKS OF FINISHED PORTLAND CEMENT, BY DISTRICTS, IN OCTOBER, 1941 AND 1940 (IN THOUSANDS OF BARRELS)

District	—Production— 1940	1941	—Shipments— 1940	1941	Stocks at end of month 1940	1941
Eastern Pa., N. J. & Md.	2,570	2,992	3,072	3,313	3,423	3,113
New York & Maine	913	1,209	1,033	1,403	1,662	1,565
Ohio, Western Pa. & W. Va.	1,507	1,617	1,658	1,744	1,915	1,927
Michigan	1,092	1,069	1,202	1,203	1,378	1,428
Wis., Ill., Ind. & Ky.	1,451	1,690	1,692	1,828	1,342	1,150
Va., Tenn., Ala., Ga., La., & Fla.	1,578	1,870	1,778	2,051	1,269	873
Eastern Mo., Ia., Minn. & S. Dak.	1,211	1,365	1,431	1,528	2,143	1,687
W. Mo., Nebr., Kans., Okla. & Ark.	790	981	987	924	1,608	1,961
Texas	743	859	784	782	807	825
Colo., Mont., Utah, Wyo. & Idaho	302	465	356	445	429	295
California	1,492	2,074	1,491	2,075	1,458	1,045
Oregon & Washington	257	447	264	483	573	547
Puerto Rico	29	50	28	54	1	0
Total	13,935	16,688	15,776	17,833	18,008	16,416

PRODUCTION, SHIPMENTS AND STOCKS OF FINISHED PORTLAND CEMENT, BY MONTHS, IN 1940 AND 1941 (IN THOUSANDS OF BARRELS)

	—Production— 1940	1941	—Shipments— 1940	1941	Stocks at end of month 1940	1941
January	6,205	9,021	3,893	7,984	25,759	24,416
February	5,041	8,345	4,907	7,456	25,894	25,307
March	7,918	10,596	7,716	9,915	26,118	25,988
April	10,043	12,196	10,829	14,132	25,348	24,056
May	12,633	14,732	13,206	16,048	24,758	22,745
June	12,490	15,223	13,223	16,109	24,010	21,865
July	12,290	16,000	13,442	16,687	22,855	21,178
August	12,712	16,345	14,018	17,825	21,549	19,732
September	13,105	16,115	14,741	18,284	19,921	a17,561
October	13,935	16,688	15,776	17,833	18,008	----
November	12,725	----	10,372	----	20,353	----
December	11,195	----	8,192	----	23,379	----
Total	130,292	----	130,315	----	----	----

a Revised.

The following table shows shipments of portland cement from domestic mills in the first nine months of 1941 arranged by States so far as permissible, and by districts.

The quantities are summarized from monthly reports of the producers received by the Bureau of Mines from all manufacturing plants. The values (f.o.b. at the mills) are based on estimates of the producers supplemented by estimates by the Burau of Mines for five mills for the first three quarters. They do not include the price of containers nor do they include cash discounts where allowed. The values may be higher where some special cements have been reported by the producers in addition to the ordinary structural cement.

PORTLAND CEMENT SHIPPED FROM MILLS IN THE UNITED STATES IN FIRST 9 MONTHS OF 1941, WITH ESTIMATED MILL VALUE BY STATES AND DISTRICTS

State	Number of shipping plants	Quantity (Barrels)	Estimated mill value
Alabama	6	5,448,000	$7,967,000
California	12	14,740,000	20,354,000
Ilinois	4	4,508,000	6,739,000
Iowa	5	4,153,000	6,826,000
Kansas	6	3,423,000	5,174,000
Michigan	11	7,248,000	9,739,000
Missouri	5	4,595,000	7,305,000
New York	11	8,437,000	11,878,000
Ohio	9	6,042,000	8,012,000
Pennsylvania	25	24,356,000	34,053,000
Puerto Rico	1	316,000	661,000
Tennessee	6	4,123,000	6,179,000
Texas	10	7,366,000	12,113,000
a Other States	44	29,685,000	46,692,000
Total	155	124,440,000	$183,692,000
District			
E. Pa., N. J., & Md.	22	23,349,000	$32,644,000
New York & Maine	12	8,891,000	12,651,000
Ohio, W. Pa. & W. Va.	18	11,476,000	15,349,000
Michigan	11	7,248,000	9,739,000
Wis., Ill., Ind. & Ky.	11	12,736,000	19,094,000
Va., Tenn., Ala., Ga., Fla. & La.	18	15,015,000	22,701,000
E. Mo., Ia., Minn. & S. Dak.	11	9,308,000	15,090,000
W. Mo., Neb., Kan., Okla. & Ark.	12	7,413,000	11,310,000
Texas	10	7,366,000	12,113,000
Colo., Mont., Utah, Wyo. & Idaho	8	3,142,000	5,724,000
California	12	14,740,000	20,354,000
Oregon & Washington	9	3,440,000	6,262,000
Puerto Rico	1	316,000	661,000
Total	155	124,440,000	$183,692,000

a Includes Ark., Colo., Fla., Ga., Idaho, Ind., Ky., La., Maine, Md., Minn., Mont., N. J., Okla., Oreg., S. Dak., Utah, Va., Wash., W. Va., Wis., and Wyo.

Corn Loan Program

The United States Department of Agriculture announced on Nov. 18 the Commodity Credit Corporation will make loans on 1941 corn in the commercial area at rates averaging 74.8 cents per bushel. This compares with a flat rate in 1940 of 61 cents per bushel. At the same time it was announced that the price of corn sold by Commodity Credit would be revised—effective immediately—to the new loan rates. As to the 1941 corn loan program the Agriculture Department had the following to say:

As in the past, loans will be administered in the field by County Agricultural Adjustment Administration Committees. The rates will vary by counties from 69 to 79 cents per bushel in the central area, and county loan rates will be announced by State AAA Committees. Loans on 1941 corn will be available from Dec. 1, 1941, to the close of the marketing year, Sept. 30, 1942.

Variations in loan rates according to location, already in effect on cotton and wheat, mark an innovation in corn loans which previously were made at a uniform rate for all sections of the commercial area. With these rate variations based upon a normal relationship of corn prices over the area, officials said that the 1941 corn loans should bring about the least possible interference with normal livestock feeding operations in all parts of the Corn Belt. Furthermore, they point out, this should encourage the storage of adequate reserves more uniformly throughout the Corn Belt.

The average loan rate of 74.8 cents per bushel upon which the county rates will be based is 85% of the corn parity price of 88 cents on Sept. 15, 1941, the last reporting date before the beginning of the current marketing year, Oct. 1.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Dec. 1 a summary for the week ended Nov. 22, 1941, of complete figures showing the volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended Nov. 22, 1941	Total for Week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of orders	14,463
Number of shares	404,199
Dollar value	14,432,743
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	146
Customers' other sales a	16,375
Customers' total sales	16,521
Number of Shares:	
Customers' short sales	3,240
Customers' other sales a	450,087
Customers' total sales	453,327
Dollar value	12,176,737
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	160
Other sales b	144,220
Total sales	144,380
Round-lot Purchases by Dealers—	
Number of shares	106,950

a Sales marked "short exempt" are reported with "other sales". b Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Note—This report and preceding reports do not include transactions in stocks effected on a "when issued" basis.

Revenue Freight Car Loadings During Week Ended Nov. 22 Amounted To 799,386 Cars

Loading of revenue freight for the week ended Nov. 22, totaled 799,386 cars, the Association of American Railroads announced on Nov. 27. The increase above the corresponding week in 1940 was 65,898 cars or 9% and above the same week in 1939 was 126,273 cars or 18.8%.

Loading of revenue freight for the week of Nov. 22, which included Thanksgiving Holiday, decreased 84,453 cars or 9.6% below the preceding week.

Miscellaneous freight loading totaled 367,273 cars, a decrease of 21,970 cars below the preceding week, but an increase of 56,671 cars above the corresponding week in 1940.

Loading of merchandise less than carload lot freight totaled 141,257 cars, a decrease of 15,021 cars below the preceding week, but an increase of 1,038 cars above the corresponding week in 1940.

Coal loading amounted to 130,243 cars, a decrease of 38,031 cars below the preceding week, and a decrease of 11,715 cars below the corresponding week in 1940.

Grain and grain products loading totaled 41,022 cars, an increase of 725 cars above the preceding week, and an increase of 7,699 cars above the corresponding week in 1940. In the Western Districts alone, grain and grain products loading for the week of November 22 totaled 25,147 cars, a decrease of 681 cars below the preceding week, but an increase of 5,131 cars above the corresponding week in 1940.

Live stock loading amounted to 13,201 cars, a decrease of 2.540 cars below the preceding week, and a decrease of 2,618 cars below the corresponding week in 1940. In the Western Districts alone, loading of live stock for the week of Nov. 22 totaled 9,984 cars, a decrease of 1,953 cars below the preceding week, and a decrease of 2,337 cars below the corresponding week in 1940.

Forest products loading totaled 39,725 cars, a decrease of 3,542 cars below the preceding week, but an increase of 642 cars above the corresponding week in 1940.

Ore loading amounted to 55,027 cars, a decrease of 2,907 cars below the preceding week but an increase of 14,742 cars above the corresponding week in 1940.

Coke loading amounted to 11,638 cars, a decrease of 1,167 cars below the preceding week, and a decrease of 561 cars below the corresponding week in 1940.

All districts reported increases compared with the corresponding weeks in 1940 and 1939 except the Pocohontas.

	1941	1940	1939
4 Weeks of January	2,740,095	2,557,735	2,288,730
4 Weeks of February	2,824,188	2,488,879	2,282,866
5 Weeks of March	3,817,918	3,123,916	2,976,655
4 Weeks of April	2,793,563	2,495,212	2,225,188
5 Weeks of May	4,160,527	3,351,840	2,926,408
4 Weeks of June	3,510,137	2,896,953	2,563,953
4 Weeks of July	3,413,427	2,822,450	2,532,236
5 Weeks of August	4,464,458	3,717,933	3,387,672
4 Weeks of September	3,539,171	3,135,122	3,102,236
4 Weeks of October	3,657,882	3,269,476	3,355,701
Week of Nov. 1	894,739	794,797	801,108
Week of Nov. 8	873,585	778,318	781,588
Week of Nov. 15	883,839	745,295	766,987
Week of Nov. 22	799,386	733,488	673,113
Total	38,372,915	32,911,414	30,664,441

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Nov. 22, 1941. During this period 97 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED NOV. 22

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1941	1940	1939	1941	1940
Eastern District—					
Ann Arbor	583	582	527	1,431	1,351
Bangor & Aroostook	1,433	1,122	1,424	266	198
Boston & Maine	7,653	7,862	7,862	12,768	11,421
Chicago, Indianapolis & Louisville	1,726	1,386	1,343	2,394	2,398
Central Indiana	17	16	24	61	44
Central Vermont	1,411	1,365	1,457	2,446	2,343
Delaware & Hudson	4.991	4,879	4,418	10,238	8,430
Delaware, Lackawanna & Western	8,035	8,406	8,950	8,563	7,846
Detroit & Mackinac	364	477	545	142	117
Detroit, Toledo & Ironton	2,387	2,594	2,360	1,190	1,307
Detroit & Toledo Shore Line	327	328	291	3,853	3,644
Erie	13,292	12,609	12,069	14,955	13,539
Grand Trunk Western	5,323	5,318	4,224	8,799	8,211
Lehigh & Hudson River	215	148	103	2,478	2,175
Lehigh & New England	1,961	1,805	1,703	1,576	1,405
Lehigh Valley	8,689	8,365	8,564	9,421	7,935
Maine Central	2.941	2,913	2,934	2,953	2,219
Monongahela	2,406	4,475	4,786	401	228
Montour	1,664	1,719	2,251	45	30
New York Central Lines	47,927	43,344	37.403	45,531	42,605
N. Y., N. H. & Hartford	10,682	10,918	10,208	15,737	14,103
New York, Ontario & Western	1,000	1,060	844	2,137	2,022
N. Y., Chicago & St. Louis	6,678	5,561	4,932	12,973	11,574
N. Y., Susquehanna & Western	451	355	350	1,445	1,509
Pittsburgh & Lake Erie	7,588	7,685	7,322	7,424	6.946
Pere Marquette	6,442	5,941	5,664	5,918	5,689
Pittsburgh & Shawmut	877	586	672	48	33
Pittsburgh, Shawmut & North	380	486	441	335	271
Pittsburgh & West Virginia	982	751	1,020	2,503	1,837
Rutland	571	580	609	1,009	961
Wabash	6,073	5,109	5,073	10,370	9.764
Wheeling & Lake Erie	4,810	3,604	3,538	4,279	3.563
Total	159,879	152,349	143,911	193,689	175,723
Allegheny District—					
Akron, Canton & Youngstown	615	544	417	974	843
Baltimore & Ohio	36,135	32,780	31,474	22,616	18,426
Bessemer & Lake Erie	5,036	5,495	5,163	2,039	2,006
Buffalo Creek & Gauley	284	251	299	3	5
Cambria & Indiana	848	1,685	1,559	9	9
Central R.R. of New Jersey	7,179	6,645	5,903	15,532	12,943
Cornwall	657	673	621	48	53
Cumberland & Pennsylvania	123	259	266	26	35
Ligonier Valley	134	143	138	43	35
Long Island	730	882	634	2,838	2,738
Penn-Reading Seashore Lines	1,704	1,424	1,230	1,997	1,509
Pennsylvania System	79,675	68,108	67,199	51,763	47,258
Reading Co.	16,041	15,602	12,674	23,479	19.491
Union (Pittsburgh)	19,746	19,416	18,492	6,098	5,024
Western Maryland	3,860	3,478	3,840	9,658	7,478
Total	172,767	157,385	149,909	137,123	117,873
Pocahontas District—					
Chesapeake & Ohio	18,734	22,364	21,738	12,525	10,274
Norfolk & Western	18,368	19.796	18.590	5,904	5,069
Virginian	2.896	4,226	3,919	1,750	1,528
Total	39.998	46,386	44,247	20,179	16,871
Southern District—					
Alabama, Tennessee & Northern	337	273	238	252	174
Atl. & W. P.—W. R.R. of Ala.	868	725	692	2,240	1,579
Atlanta, Birmingham & Coast	761	674	535	1,156	958
Atlantic Coast Line	11,468	10,196	8,924	7,025	6,472
Central of Georgia	4,661	4,108	3,664	4,240	3,464
Charleston & Western Carolina	443	407	353	1,620	1,417
Clinchfield	1,829	1,293	1,255	2,665	2,415
Columbus & Greenville	330	326	354	428	327
Durham & Southern	161	159	190	424	525
Florida East Coast	793	939	767	1,034	1,182
Gainsville Midland	40	30	27	91	90
Georgia	1,439	1,156	762	2,545	1,810
Georgia & Florida	512	378	327	787	545
Gulf, Mobile & Ohio	4,242	3,469	3,454	3,539	3,112
Illinois Central System	27,630	22,050	19,937	14,424	12,116
Louisville & Nashville	23,178	22,288	21,039	8,597	6,358
Macon, Dublin & Savannah	229	115	187	649	699
Mississippi Central	154	153	167	468	451
Nashville, Chattanooga & St. L.	3,829	3,549	2,689	3,726	3,109
Norfolk Southern	1,009	1,098	1,103	1,481	1,237
Piedmont Northern	470	453	394	1,660	1,346
Richmond Fred. & Potomac	414	384	308	6,597	5,080
Seaboard Air Line	10.676	10,099	8,219	7,382	5,850
Southern System	23,617	22,243	20,475	20,338	16,474
Tennessee Central	551	481	378	802	731
Winston-Salem Southbound	138	146	160	911	827
Total	119,779	107,192	96,598	95,081	78,348
Northwestern District—					
Chicago & North Western	18,308	16,377	13,913	13,214	12,080
Chicago Great Western	2,625	2,412	2,415	3,402	3,558
Chicago, Milw., St. P. & Pac.	20,748	19,834	18,412	8,871	8,510
Chicago, St. P., Minn. & Omaha	3,786	4,339	4,172	4,289	3,523
Duluth, Missabe & Iron Range	21,249	12,686	4,460	308	161
Duluth, South Shore & Atlantic	780	518	571	610	438
Elgin, Joliet & Eastern	9,929	9,452	8,468	9,605	8,505
Ft. Dodge, Des Moines & South	598	342	402	147	165
Great Northern	17,227	14,423	11,575	4,002	3,368
Green Bay & Western	542	588	532	648	573
Lake Superior & Ishpeming	2,819	2,244	1,330	76	50
Minneapolis & St. Louis	1,743	1,669	1,802	2,351	2,240
Minn., St. Paul & S. S. M.	6,041	5,569	4,684	2,896	2,512
Northern Pacific	11,197	11,231	9,704	4,158	3,669
Spokane International	86	122	150	344	229
Spokane, Portland & Seattle	2,056	1,806	1,254	2,003	1,704
Total	119,734	103,612	83,844	56,924	51,285
Central Western District—					
Atch. Top. & Santa Fe System	22,624	19,301	18,635	8,055	7,210
Alton	3,396	2,655	2,552	3,078	2,392
Bingham & Garfield	670	574	378	99	97
Chicago, Burlington & Quincy	19,312	16,775	15,586	11,028	9,966
Chicago & Illinois Midland	2,622	2,641	2,150	879	771
Chicago, Rock Island & Pacific	12,333	10,857	11,074	10,038	9,096
Chicago & Eastern Illinois	3,050	2,560	2,244	3,270	2,825
Colorado & Southern	1,385	1,087	1,586	1,560	1,608
Denver & Rio Grande Western	4.183	3,859	3,557	4,424	3,097
Denver & Salt Lake	758	946	527	33	7
Fort Worth & Denver City	1,468	976	1,042	1,079	918
Illinois Terminal	1,947	1,613	1,729	1,708	1,489
Missouri-Illinois	1,071	902	929	459	432
Nevada Northern	1,856	1,856	1,777	114	142
North Western Pacific	898	750	575	425	371
Peoria & Pekin Union	39	22	23	0	0
Southern Pacific (Pacific)	25,982	24,246	22,590	7,419	5,799
Toledo, Peoria & Western	416	293	288	1,450	1,275
Union Pacific System	18,433	17,899	16,072	11,785	10,272
Utah	460	578	532	2	5
Western Pacific	2,314	1,739	1,608	2,812	2,049
Total	125,217	112,129	105,454	69,717	59,821
Southwestern District—					
Burlington-Rock Island	182	151	139	246	325
Gulf Coast Lines	3,798	3,419	2,768	2,075	1,418
International-Great Northern	1,849	1,814	1,509	2,695	2,218
Kansas, Oklahoma & Gulf	248	202	239	1,288	992
Kansas City Southern	2,710	2,205	1,898	2,956	2,057
Louisiana & Arkansas	2,637	2,041	1,814	1,941	1,681
Litchfield & Madison	335	304	355	974	963
Midland Valley	767	732	566	245	213
Missouri & Arkansas	177	179	262	444	380
Missouri-Kansas-Texas Lines	4,780	4,201	3,762	3,555	3.011
Missouri Pacific	17,705	15.099	13,690	12,586	10.449
Quanah Acme & Pacific	162	140	104	163	113
St. Louis-San Francisco	9,434	8,439	7,186	6,272	4,842
St. Louis Southwestern	3,056	2,888	2,645	3,621	2,497
Texas & New Orleans	8,368	7,390	7,051	4,017	3,390
Texas & Pacific	5,639	5,079	4,939	5,660	3,820
Wichita Falls & Southern	134	139	202	75	54
Weatherford M. W. & N. W.	31	13	21	39	88
Total	62,012	54,435	49,150	48,852	38,511

Note—Previous year's figures revised.

October World Tin Production Down

According to the current issue of the "Statistical Bulletin" published by the Tin Research Institute, London world production of tin in October 1941 is estimated at 19,300 long tons, compared with 22,200 long tons in October 1940.

Production for the first 10 months of 1941 was 205,200 tons against 187,300 tons in the first 10 months of 1940.

Exports from the countries signatory to the International Tin Agreement, and the position at the end of October 1941 are shown below in long tons of tin:

	August	September	October	End October
Belgian Congo	621	695	977	— 5,064
Bolivia	2,384	*	*	*
French Indo-China	†130	†130	†130	—†2,238
Malaya	6,874	8,214	5,242	—21,854
Netherlands East Indies	4,666	3,902	5,320	+ 3,356
Nigeria	611	Nil	*	*
Thailand	1,452	1,518	1,342	— 8,434

*Not yet available. †Estimated.

The Institute's announcement of Nov. 29 further said:

United States deliveries totalled 8,000 tons in October 1941, against 12,715 tons in September 1941. For the first 10 months of 1941, United States deliveries totaled 127,287 tons compared with 93,634 tons in the corresponding period of 1940.

Consumption of tin in the United Kingdom for the first eight months in 1941 amounted to 18,933 tons, against 20,818 tons for the same period in 1940, and 15,363 tons in 1939.

World stocks of tin, including smelters' stocks and carryover increased by 4,736 tons during October 1941 to 51,465 tons at the end of the month. Stocks at the end of October 1940 amounted to 53,890 tons.

The average cash price for standard tin in London was £256.0 per ton in October 1941, compared with £256.5 in the previous month and £258.1 in October 1940.

The average price for Straits tin in New York was unchanged at the controlled maximum of 52.00 cents per pound, in October 1941. The average price in October 1940 was 51.50 cents per pound.

Pa. Factory Employment Up Slightly In October

Factory employment in Pennsylvania increased fractionally from September to October to a new peak slightly exceeding 1,150,000 workers, and wage disbursements expanded about 4% to a record high of approximately $36,000,000 a week, according to reports received by the Federal Reserve Bank of Philadelphia from 2,880 establishments, and announced by the Bank on Nov. 20. Working time also increased substantially in the month. As compared with a year ago, the Bank said, employment was 18% higher, payrolls were 41% larger, and the total number of hours worked showed a gain of 30%. The Bank continued:

Payrolls increased from September to October in all major lines, the largest gains being in the transportation equipment, metal, and the stone, clay and glass products industries. The heavy industries also showed the greatest expansion in wage disbursements over a year ago. The increase of 56% in durable goods lines reflected sharply higher rates of activity at metal manufacturing plants, shipyards, aircraft factories, and at locomotive and car shops. In nondurable goods industries, where aggregate payrolls were 16% greater than in October, 1940, some of the most pronounced gains were reported by woolen and worsted mills, men's clothing factories, canning and preserving establishments, and plants turning out leather and chemical products. Earnings of factory workers in Pennsylvania increased to a new peak in October, averaging nearly 83 cents an hour, as against 72½ cents a year earlier. The number of hours worked per week rose from slightly over 40 hours in September to nearly 41½ in October, and average weekly wages advanced $1.13 to $33.94, the highest in records reaching back to 1923.

Interest Payment Made On Bolivian Bonds

Chase National Bank, New York City, trustee, announces that it will pay the sum of $10.14 per $40 coupon as a part payment on interest coupons which became due on May 1, 1931 on Republic of Bolivia external 25-year secured refunding 8% sinking fund gold bonds. A previous partial payment of $22 per $40 coupon was made in May, 1931. The current payment will be a pro rata distribution of $223,985 representing remittances received during 1940 and 1941 from Banco Central de Bolivia from dividends paid from June 30, 1931 to July 1, 1941 on the bank's shares pledged as security for the bonds. The interest payment will be made at the coupon paying department of the trustee, 11 Broad Street, New York.

Farm Products To Britain

The United States Department of Agriculture announced on Nov. 21 that nearly 1,650,000,000 pounds of agricultural commodities were delivered to representatives of the British Government for shipment under the provisions of the Lend-Lease Act, from the beginning of operations in April up to Oct. 1. Total cost of the commodities was nearly $200,000,000, the Department said.

Animal protein products made up the most important groups of commodities in the shipments. These included cheese, dried milk, evaporated milk, eggs, pork and lard. Other commodities made available to the British included fruits and vegetables, grain and cereal products, fats and oils, other foodstuffs, and such nonfoodstuffs as cotton, tobacco, and naval stores.

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest coal report stated that the total production of soft coal in the week ended Nov. 22 is estimated at 8,450,000 net tons, a decrease from the preceding week of 2,760,000 tons, or 24.6%. The loss in tonnage was due in part to the holiday observance of Thanksgiving Day on Nov. 20 in most sections of the country and to the suspension of operations at captive mines and at certain other operations.

The U. S. Bureau of Mines reported that the production of Pennsylvania anthracite for the week ended Nov. 22 was estimated at 875,000 tons, a decrease of 190,000 tons from the preceding week. Output in the corresponding week of 1940 amounted to 905,000 tons.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL (IN THOUSANDS OF NET TONS), WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

	Week Ended			Calendar Year to Date c		
	Nov. 22,	Nov. 15,	Nov. 23,			
Bituminous coal a	1941	1941d	1940	1941	1940	1929
Total, including mine fuel	8,450	11,210	9,440	446,933	402,133	479,492
Daily average	e1,613	f1,988	1,815	1,633	1,458	1,723
Crude petroleum b						
Coal equivalent of weekly output	6,947	6,546	6,032	286,168	277,511	207,648

a Includes for purposes of historical comparison and statistical convenience the production of lignite. b Total barrels produced during the week converted to equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal ("Minerals Yearbook," 1939, p. 702). c Sum of 47 full weeks ended Nov. 22, 1941, and corresponding 47 weeks of 1940 and 1929. d Revised. e Thanksgiving Day, Nov. 20, weighted as .24 of a full working day. f Armistice Day, Nov. 11, weighted as .64 of a day.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND BEEHIVE COKE (IN NET TONS)

	Week Ended			Calendar Year to Date		
	Nov. 22, 1941	Nov. 15, 1941	Nov. 23, 1940	1941	1940 a	1929 a
Penn. Anthracite—						
Total, incl. colliery fuel b	875,000	1,065,000	905,000	49,425,000	45,249,000	64,798,000
Comm'l production c	831,000	1,012,000	860,000	46,959,000	42,987,000	60,133,000
Beehive Coke—						
U. S. Total	106,800	137,100	98,700	5,565,900	2,450,800	5,994,900
Daily average	17,800	22,850	16,450	19,949	8,784	21,487

(a) Adjusted to comparable periods in the three years. (b) Includes washery and dredge coal, and coal shipped by truck from authorized operations. (c) Excludes colliery fuel.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					Nov.
	Nov. 15,	Nov. 8,	Nov. 16,	Nov. 18,	Nov. 16,	average
State—	1941	1941	1940	1939	1929	1923 e
Alaska	4	3	4	3	(f)	(f)
Alabama	333	348	289	296	244	409
Arkansas and Oklahoma	100	93	96	54	144	100
Colorado	154	164	184	144	262	236
Georgia and North Carolina	1	1	1	1	(f)	(f)
Illinois	1,114	1,118	1,138	1,078	1,150	1,571
Indiana	495	475	403	377	342	536
Iowa	62	52	74	65	88	128
Kansas and Missouri	166	163	176	145	140	175
Kentucky—Eastern	936	846	808	878	922	724
Western	264	240	209	171	283	218
Maryland	35	36	28	39	58	35
Michigan	8	7	14	13	18	26
Montana	96	101	89	68	74	83
New Mexico	27	26	22	27	59	62
North and South Dakota	106	109	117	59	f49	f35
Ohio	698	703	451	501	484	764
Pennsylvania bituminous	2,579	2,516	2,351	2,655	2,848	2,993
Tennessee	143	136	112	124	106	117
Texas	9	8	10	16	16	29
Utah	78	92	98	87	141	112
Virginia	416	397	300	320	266	217
Washington	51	53	48	35	49	72
West Virginia—Southern a	2,332	2,272	1,910	2,136	2,098	1,271
Northern b	855	841	661	724	740	776
Wyoming	148	155	156	135	152	184
Other Western States c	*	*	1	*	f7	f5
Total bituminous coal	11,210	10,955	9,750	10,151	10,740	10,878
Pennsylvania anthracite d	1,065	1,051	919	911	1,281	1,896
Total, all coal	12,275	12,006	10,669	11,062	12,021	12,774

a Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. b Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. c Includes Arizona, California, Idaho, Nevada, and Oregon. d Data for Pennsylvania anthracite from published records of the Bureau of Mines. e Average weekly rate for entire month. f Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." * Less than 1,000 tons.

Bonds Unchanged

The Treasury bond market appears to have been marking time pending the December financing, details of which are scheduled to be given out soon. Almost imperceptible declines in both long-term Treasuries and highest-grade corporates have appeared this week. Lower-grade corporates have not moved far in either direction.

High-grade railroad bonds have been slightly lower but exhibited a firming tendency toward the close of the week. Atchison, Topeka & Santa Fe gen. 4s, 1955, at 109½ gained ¼ while Chesapeake & Ohio 4½s, 1992, were off ⅜ at 131⅝. Medium-grade railroad bonds and particularly the junior issues reacted upon the settlement of the railroad labor dispute. Gulf Mobile & Northern 5s, 1950, were unchanged at 88; New York, Chicago & St. Louis 4½s, 1978, rose ¾ to 63½; Northern Pacific 4s, 1997, advanced ½ to 72. Defaulted rails, though at lower levels than a week ago, responded favorably on the settlement of the rail labor question.

Activity in utility bonds has centered in lower grades with prices declining. Associated Electric 4½s, 1953, Cities Service 5s, 1969, Interstate Power 6s, 1952, New England Power Assoc. 5s, 1948, and Western Union Telegraph 5s, 1960, among others, dropped from one to two points. High grades and investment quality issues have been firm. New financing comprised $20,000,000 Philadelphia Electric 2¾s, 1971.

Prices of industrial bonds have been generally down this week, but losses were primarily confined to small fractions. About the only loss of a point or better was registered in the Francisco Sugar Company 6s, 1956, which declined 2½ points to 65½.

The general trend in the foreign list has been toward lower levels. Japanese loans lost most of last week's gains while Denmark 6s after a strong rally of 10½ points sold sharply off under new pressure. Italian and German bonds have declined to new lows; Norwegian bonds have been steady. Price changes in the South American section were mostly within limited range, Panama 3½s declining 2½ points, while Paulista Railway 7s at 96¼ established a new high. There were but fractional changes in Dominion issues and Australian loans continued depressed.

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1941 Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indus
Dec. 2	119.59	108.16	118.60	115.63	109.60	91.91	97.31	112.37	116.02
1	119.65	108.16	118.40	115.43	109.60	91.91	97.31	112.37	116.02
Nov. 29	119.77	108.16	118.60	115.63	109.60	91.77	97.31	112.37	116.02
28	119.77	108.16	118.60	115.63	109.60	91.62	97.16	112.37	116.02
27	119.79	108.16	118.60	115.63	109.60	91.91	97.47	112.37	116.02
26	119.85	108.16	118.60	115.63	109.60	91.91	97.47	112.37	116.02
25	119.83	108.16	118.60	115.63	109.60	91.77	97.47	112.37	116.02
24	119.97	108.16	118.60	115.82	109.60	91.77	97.47	112.56	116.02
22	119.94	108.16	118.60	115.82	109.60	91.77	97.47	112.37	116.02
21	119.96	108.16	118.60	115.82	109.60	91.77	97.47	112.37	116.02
20	Stock Exchange Closed								
19	119.82	108.16	118.60	115.82	109.60	91.62	97.31	112.37	116.02
18	119.93	108.16	118.60	115.82	109.60	91.77	97.31	112.37	116.02
14	119.98	108.16	118.60	115.82	109.42	91.77	97.31	112.37	116.02
7	120.04	108.34	118.60	116.02	109.60	92.20	97.78	112.37	116.22
Oct. 31	120.03	108.16	118.40	115.82	109.42	92.06	97.47	112.19	116.02
24	119.43	108.16	118.40	115.63	109.42	92.06	97.47	112.19	116.02
17	119.23	107.98	118.40	115.43	109.06	91.77	97.00	112.00	116.02
10	119.16	107.98	118.20	115.24	109.06	91.91	97.16	112.00	116.02
3	119.21	107.98	118.40	115.43	109.06	91.77	97.00	112.00	116.02
Sept 24	118.95	107.44	118.00	114.85	108.70	91.19	96.69	111.81	115.43
17	118.82	107.62	118.20	114.66	108.70	91.48	96.69	111.62	115.43
12	119.02	107.62	118.00	114.66	108.70	91.62	97.00	111.81	115.24
5	119.13	107.80	118.20	114.85	108.88	95.06	97.31	112.00	115.24
Aug. 29	119.14	107.80	118.40	114.85	108.88	91.77	97.16	111.81	115.43
22	118.78	107.62	118.00	114.66	108.70	91.77	97.16	112.00	115.04
15	118.90	107.80	118.00	115.04	108.70	91.91	97.31	112.00	115.04
8	119.20	107.98	118.20	115.24	108.70	92.20	97.47	112.00	115.24
1	119.56	107.80	118.20	115.24	108.52	92.06	97.47	112.00	115.24
July 25	119.55	107.80	118.00	115.24	108.52	92.06	97.47	112.00	115.04
18	119.47	107.62	118.20	115.04	108.34	91.91	97.46	112.00	115.04
11	119.46	107.62	118.20	115.04	108.16	91.91	97.16	111.84	115.04
3	119.55	107.44	118.00	114.66	107.98	91.77	97.00	111.62	114.85
June 27	119.45	107.44	118.00	114.66	107.80	91.77	97.16	114.44	114.66
20	119.02	107.09	117.80	114.46	107.62	91.48	97.00	111.44	114.27
13	118.97	106.92	117.60	114.08	107.44	91.48	97.00	111.25	113.89
6	118.81	106.74	117.20	113.70	107.27	91.19	96.69	110.88	113.31
May 29	118.71	106.39	116.61	113.31	107.09	91.05	96.69	110.70	112.75
23	118.35	106.39	116.80	113.50	106.92	91.19	96.69	110.70	112.93
16	118.52	106.39	116.61	113.31	106.92	91.34	96.85	110.52	112.75
9	118.45	106.56	116.80	113.12	106.92	91.62	97.00	110.52	112.93
2	118.66	106.39	117.00	112.93	106.74	91.34	96.85	110.52	112.75
Apr. 25	118.62	106.21	116.61	112.75	106.56	91.19	96.69	110.34	112.19
18	118.28	105.86	116.41	112.56	106.39	90.91	96.54	110.15	112.00
10	117.36	105.69	116.41	112.19	106.21	90.77	96.54	109.79	111.81
4	117.55	106.04	116.80	112.37	106.21	91.48	97.00	109.97	112.19
Mar. 28	117.80	105.86	116.41	112.19	106.04	91.05	96.54	109.79	111.81
21	117.85	106.21	117.00	112.93	106.56	90.77	96.54	110.15	112.75
14	117.77	106.21	117.40	113.31	106.56	90.48	96.54	109.97	113.31
7	116.90	106.04	117.40	113.31	106.39	90.20	96.23	109.97	113.12
Feb. 28	116.93	105.86	117.20	112.93	106.21	89.78	95.92	109.79	112.75
21	116.06	105.52	117.00	112.75	106.04	89.52	95.62	109.60	112.75
14	116.24	105.86	117.60	113.12	106.21	89.64	95.92	109.60	113.12
7	116.52	106.21	117.80	113.31	106.39	90.20	95.54	109.79	113.31
Jan. 31	117.14	106.39	118.00	113.70	106.39	90.48	96.85	109.79	113.70
24	117.64	106.56	117.60	113.89	106.56	90.77	97.16	109.97	113.50
17	118.06	106.56	118.20	113.89	106.56	90.48	96.69	110.15	113.89
10	118.03	106.56	118.20	114.27	106.56	90.34	96.69	110.15	114.08
3	118.65	106.39	118.40	114.46	106.39	89.78	95.92	110.15	114.46
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
High 1940	119.63	106.74	119.00	115.04	106.74	89.92	96.07	110.88	114.85
Low 1940	113.02	99.04	112.19	109.60	99.52	79.37	86.38	105.52	106.56
1 Yr. Ago									
Dec. 2, 1940	118.82	106.39	118.80	114.66	106.56	89.09	95.47	110.70	114.46
2 Yrs. Ago									
Dec. 2, 1939	114.50	100.81	113.89	109.97	100.00	83.28	89.09	106.04	108.70

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1941 Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus
Dec. 2	3.27	2.72	2.87	3.19	4.28	3.92	3.04	2.85
1	3.27	2.73	2.88	3.19	4.28	3.92	3.04	2.85
Nov. 29	3.27	2.72	2.87	3.19	4.29	3.92	3.04	2.85
28	3.27	2.72	2.87	3.19	4.30	3.93	3.04	2.85
27	3.27	2.72	2.87	3.19	4.28	3.91	3.04	2.85
26	3.27	2.72	2.87	3.19	4.28	3.91	3.04	2.85
25	3.27	2.72	2.87	3.19	4.29	3.91	3.04	2.85
24	3.27	2.72	2.86	3.19	4.29	3.91	3.03	2.85
22	3.27	2.72	2.86	3.19	4.29	3.91	3.04	2.85
21	3.27	2.72	2.86	3.19	4.29	3.91	3.04	2.85
20	Stock Exchange Closed							
19	3.27	2.72	2.86	3.19	4.30	3.92	3.04	2.85
18	3.27	2.72	2.86	3.19	4.29	3.92	3.04	2.85
14	3.27	2.72	2.86	3.20	4.29	3.92	3.04	2.85
7	3.26	2.72	2.85	3.19	4.26	3.89	3.04	2.84
Oct. 31	3.27	2.73	2.86	3.20	4.27	3.91	3.05	2.85
24	3.27	2.73	2.87	3.20	4.27	3.91	3.05	2.85
17	3.28	2.73	2.88	3.22	4.29	3.94	3.06	2.85
10	3.28	2.74	2.89	3.22	4.28	3.93	3.06	2.85
3	3.28	2.73	2.88	3.22	4.29	3.94	3.06	2.85
Sept 24	3.31	2.75	2.91	3.24	4.33	3.96	3.07	2.88
17	3.30	2.74	2.92	3.24	4.31	3.96	3.08	2.88
12	3.30	2.75	2.92	3.24	4.30	3.94	3.07	2.89
5	3.29	2.74	2.91	3.23	4.27	3.92	3.06	2.89
Aug. 29	3.29	2.73	2.91	3.23	4.29	3.93	3.06	2.88
22	3.30	2.75	2.92	3.24	4.29	3.93	3.06	2.90
15	3.29	2.75	2.90	3.24	4.28	3.92	3.06	2.90
8	3.28	2.74	2.89	3.24	4.26	3.91	3.06	2.89
1	3.29	2.74	2.89	3.25	4.27	3.91	3.06	2.89
July 25	3.29	2.75	2.89	3.25	4.27	3.91	3.06	2.90
18	3.30	2.74	2.90	3.26	4.28	3.93	3.06	2.90
11	3.30	2.74	2.90	3.27	4.28	3.93	3.07	2.90
3	3.31	2.75	2.92	3.28	4.29	3.94	3.08	2.91
June 27	3.31	2.75	2.92	3.29	4.29	3.93	3.09	2.92
20	3.33	2.76	2.93	3.30	4.31	3.94	3.09	2.94
13	3.34	2.77	2.95	3.31	4.31	3.94	3.10	2.96
6	3.35	2.79	2.97	3.32	4.33	3.96	3.12	2.99
May 29	3.37	2.82	2.99	3.33	4.34	3.96	3.13	3.02
23	3.37	2.81	2.98	3.34	4.33	3.96	3.13	3.01
16	3.37	2.82	2.99	3.34	4.32	3.95	3.14	3.02
9	3.36	2.81	3.00	3.34	4.30	3.94	3.14	3.01
2	3.37	2.80	3.01	3.35	4.32	3.95	3.14	3.02
Apr. 25	3.38	2.82	3.02	3.36	4.33	3.96	3.15	3.05
18	3.40	2.83	3.03	3.37	4.35	3.97	3.16	3.06
10	3.41	2.83	3.05	3.38	4.36	3.97	3.18	3.07
4	3.39	2.81	3.04	3.38	4.31	3.94	3.17	3.05
Mar. 28	3.40	2.83	3.05	3.39	4.34	3.97	3.18	3.07
21	3.38	2.80	3.01	3.36	4.36	3.97	3.46	3.02
14	3.38	2.78	2.99	3.36	4.38	3.97	3.17	2.99
7	3.39	2.78	2.99	3.37	4.40	3.99	3.17	3.00
Feb. 28	3.40	2.79	3.01	3.38	4.43	4.01	3.18	3.02
21	3.42	2.80	3.02	3.39	4.45	4.03	3.19	3.02
14	3.40	2.77	3.00	3.38	4.44	4.01	3.19	3.00
7	3.38	2.76	2.99	3.37	4.40	3.97	3.18	2.99
Jan. 31	3.37	2.75	2.97	3.37	4.37	3.95	3.18	2.97
24	3.36	2.77	2.96	3.36	4.36	3.93	3.17	2.98
17	3.36	2.74	2.96	3.36	4.38	3.96	3.16	2.96
10	3.36	2.74	2.94	3.36	4.39	3.96	3.16	2.95
3	3.37	2.73	2.93	3.37	4.43	4.01	3.16	2.93
High 1941	3.42	2.84	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
High 1940	3.81	3.06	3.19	3.78	5.24	4.68	3.42	3.36
Low 1940	3.35	2.70	2.90	3.35	4.42	4.00	3.12	2.91
1 Year Ago—								
Dec. 2, 1940	3.37	2.71	2.92	3.36	4.48	4.04	3.13	2.93
2 Years Ago—								
Dec. 2, 1939	3.70	2.96	3.17	3.75	4.92	4.48	3.39	3.24

* These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

† The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

December Food List For Stamp Program

The Department of Agriculture announced on Nov. 28 the list of foods which will be available during December for purchase with blue stamps by families taking part in the Food Stamp program. Added to the December list, and appearing for the first time since June, will be fresh grapefruit for which the season of heaviest marketing is just beginning. This addition will assist growers by providing wider outlets at a time they are most needed, and will also make another valuable food commodity available to the low income families which participate in the Stamp Plan. From the Department's announcement we quote:

The foods listed for December are those obtainable nationally, by stamp program participants, in local stores in all stamp program areas. Except for the addition of grapefruit, the December blue stamp foods are the same as those for November.

The complete list of blue stamp foods for the period Dec. 1 through Dec. 31 in all stamp program areas is as follows: Butter, all cuts of pork (except that cooked or packed in metal or glass containers), fresh grapefruit, pears, apples, oranges, and fresh vegetables (including potatoes), corn meal, shell eggs, (including raisins, dried prunes, hominy (corn) grits, dry edible beans, wheat flour, enriched wheat flour, self-rising flour, enriched self-rising flour, and whole wheat (Graham) flour.

Senator Adams Dies

Senator Alva B. Adams, Democrat, of Colorado, a leading advocate of Governmental economy, died of heart disease on Dec. 1, at his apartment in Washington. He was 66 years old. Senator Adams was elected to the Senate in 1932 and reelected in 1938. With respect to his career, United Press Washington advices reported the following:

First a lawyer and then a banker, he was essentially a conservative. He was a strong supporter of President Roosevelt in the 1932 campaign, but there was much in the New Deal's sweeping program of economic reform which was anathema to him.

Senator Adams also broke with the President on foreign policy. He was among the small group which voted recently against revision of the Neutrality Act. Before this, he had lined up with the opposition to the President's Supreme Court enlargement plan which was killed in the Senate.

From 1910 until the World War, he practiced law in Pueblo where he held several local offices. He was chief aide to the late Senator Thomas J. Walsh of Montana during the Teapot Dome oil investigation in the 1920's.

Moody's Commodity Index Advances

Moody's Daily Commodity Index advanced moderately from 207.8 a week ago to 210.0 this Tuesday. The most important individual gains were in cotton and wheat.

The movement of the index was as follows:

Tuesday, Nov. 25	207.8
Wednesday, Nov. 26	207.9
Thursday, Nov. 27	208.4
Friday, Nov. 28	208.4
Saturday, Nov. 29	208.7
Monday, Dec. 1	209.8
Tuesday, Dec. 2	210.0
Two weeks ago, Nov. 18	209.0
Month ago, Nov. 1	206.0
Year ago, Dec. 2	167.4
1940 High, Dec. 31	171.8
Low, Aug. 16	149.3
1941 High, Sept. 9	219.9
Low, Feb. 17	171.6

Steel Output, Shipments Well Behind Bookings—Allocations Broader—Priorities Extended

In a step which will be closely watched because of its importance to the whole material distribution system, the OPM has finally formalized the direct allocation system for steel plates in an order from SPAB Priorities Director Donald M. Nelson, according to the "Iron Age" of Dec. 4, which further added: "Defense demands for plates for the Army, Navy and Maritime Commission are already taking half the existing capacity of 600,000 tons a month. Other leading users are tank, railroad car and pipe manufacturers. Recent reports from plate producers show defense and essential civilian orders with ratings of A-10 or higher totaling 850,000 tons for shipment in a single month.

"Prospects that steel plate capacity will be concentrated on Naval and Maritime material suggest that other plate consumers with priorities will have to take a back seat for many weeks to come.

"Despite the growing severity of the pig iron and scrap shortages, steel ingot production this week is estimated at 97% of capacity, an advance of 1½ points from last week, the gain representing a further resumption in capacity shut down because of the coal strike. This week's ingot rate is the same as two weeks ago, but a full point below the rate of a month ago.

"The Pittsburgh district steel rate is up three points to 99%, Chicago up one-half point to 100, Youngstown 7 higher at 96, Wheeling up one to 93, Cleveland a point higher at 96, and the Western rate up a point to 97. The Eastern Pennsylvania steel operating rate is off one and a half points to 90½ and Detroit is 7½ points lower at 105, while the St. Louis rate is off three to 102. The Buffalo, Birmingham and Southern Ohio River operating rates were unchanged at midweek.

"Meanwhile the lack of pig iron is fast becoming as important as the scrap shortage in restraining steel-making operations, particularly in the East and in Southern Ohio.

"The temptation to keep defense production going and avoid layoffs by paying more than the maximum government prices for scrap, either directly or through relaxing of grading, is proving irresistible on an increasing scale in both steel mill and foundry grades. Violations are most frequent where the greatest shortages exist as on the West Coast where premiums as high as $15 a ton over the established ceilings are reported.

"Steel bookings during the last week of November slipped below the corresponding period of October in some areas, notably Pittsburgh, but production and shipments are well behind the incoming flow of new business. For the 11 months ended Nov. 30, new bookings in Eastern Pennsylvania are estimated to be from 50 to 55% higher than for all of 1940, with May and June of this year showing the greatest tonnages booked and November closely trailing these two months. New orders of interest during the past week are for steel ammunition boxes, requiring alloy strip, and the awarding of an experimental order for sheet disks to be used in the stamping of steel shell casings. Crane builders are heavily loaded with orders for their equipment at defense plants and shipyards while demand for steel wheels have become so heavy that one of the nation's leading producers has a 7-month backlog.

"Steel industry payrolls reached a new peak during October, totaling $118,890,000 and averaging 98.3c an hour for 646,000 employees. There were 6,000 fewer steel workers in October than in September.

"At midweek, industry still was awaiting the decision of the 3-man coal strike arbitration board which was to decide whether the United Mine Workers Union will be granted the closed shop in steel company mines, be denied the closed shop, or simply asked to delay their demands for it until the end of the war.

"Structural steel lettings last week declined to 14,350 tons from 27,500 tons, the largest award being 3,500 tons for a plant expansion for Copperweld Steel Co., Warren, Ohio. New structural projects of 14,650 tons are slightly higher and include 4,000 tons for shafts and tunnels at Governors Island, New York, for the New York Tunnel Authority."

THE "IRON AGE" COMPOSITE PRICES

Finished Steel

Dec. 2, 1941, 2.30467c. a Lb.

One week ago	2.30467c.
One month ago	2.30467c.
One year ago	2.30467c.

A weighted index based on steel bars, beams, tank plates, wire, rails, black pipe, hot and cold-rolled sheets and strip. These products represent 78% of the United States output.

	High		Low	
1941	2.30467c.	Sep 2	2.30467c.	Sep 2
1940	2.30467c.	Jan 2	2.24107c.	Apr 16
1939	2.35367c.	Jan 3	2.26689c.	May 16
1938	2.58414c.	Jan 4	2.27207c.	Oct 18
1937	2.58414c.	Mar 9	2.32263c.	Jan 4
1936	2.32263c.	Dec 28	2.05200c.	Mar 10
1935	2.07642c.	Oct 1	2.06492c.	Jan 8
1934	2.15367c.	Apr 24	1.95757c.	Jan 2
1933	1.95578c.	Oct 3	1.75836c.	May 2
1932	1.89196c.	Jly 5	1.83901c.	Mar 1
1931	1.99629c.	Jan 13	1.86586c.	Dec 29
1930	2.25488c.	Jan 7	1.97319c.	Dec 9
1929	2.31773c.	May 28	2.26498c.	Oct 29

Pig Iron

Dec. 2, 1941, $23.61 a Gross Ton

One week ago	$23.61
One month ago	23.61
One year ago	22.61

Based on averages for basic iron at Valley furnaces and foundry iron at Chicago, Philadelphia, Buffalo, Valley and Southern iron at Cincinnati.

	High		Low	
1941	$23.61	Mar 20	$23.45	Jan 2
1940	23.45	Dec 23	22.61	Jan 2
1939	$22.61	Sep 19	$20.61	Sep 12
1938	23.25	Jun 21	19.61	Jly 6
1937	23.25	Mar 9	20.25	Feb 16
1936	19.74	Nov 24	18.73	Aug 11
1935	18.84	Nov 5	17.83	May 14
1934	17.90	May 1	16.90	Jan 27
1933	16.90	Dec 5	13.56	Jan 3
1932	14.81	Jan 5	13.56	Dec 6
1931	15.90	Jan 6	14.79	Dec 15
1930	18.21	Jan 7	15.90	Dec 16
1929	18.71	May 14	18.21	Dec 17

Steel Scrap

Dec. 2, 1941, $19.17 a Gross Ton

One week ago	$19.17
One month ago	19.17
One year ago	21.17

Based on No. 1 heavy melting steel scrap quotations to consumers at Pittsburgh, Philadelphia, and Chicago.

	High		Low	
1941	$22.00	Jan 7	$19.17	Apr 10
1940	21.83	Dec 30	16.04	Apr 9
1939	22.50	Oct 3	14.08	May 16
1938	15.00	Nov 22	11.00	Jun 7
1937	21.92	Mar 30	12.92	Nov 10
1936	17.75	Dec 21	12.67	Jun 9
1935	13.42	Dec 10	10.33	Apr 29
1934	13.00	Mar 13	9.50	Sep 25
1933	12.25	Aug 8	6.75	Jan 3
1932	8.50	Jan 12	6.43	Jly 5
1931	11.33	Jan 6	8.50	Dec 29
1930	15.00	Feb 18	11.25	Dec 9
1929	17.58	Jan 29	14.08	Dec 3

The American Iron and Steel Institute on Dec. 1 announced that telegraphic reports which it had received indicated that operating rate of steel companies having 91% of the steel capacity of the industry will be 97.6% of capacity for the week beginning Dec. 1, compared with 95.9% one week ago, 98.2% one month ago and 96.9% one year ago. This represents a decrease of 1.7 points or 1.8%, from the preceding week. Weekly indicated rates of steel operations since Nov. 4, 1940, follow:

1940—		Feb 3	96.9%	May 19	99.9%	Sep 2	96.3%
Nov 4	96.0%	Feb 10	97.1%	May 26	98.6%	Sep 8	96.9%
Nov 11	96.1%	Feb 17	94.6%	Jun 2	99.2%	Sep 15	96.1%
Nov 18	96.6%	Feb 24	96.3%	Jun 9	98.6%	Sep 22	96.8%
Nov 25	96.6%	Mar 3	97.5%	Jun 16	99.0%	Sep 29	96.9%
Dec 2	96.9%	Mar 10	98.8%	Jun 23	99.9%	Oct 6	98.1%
Dec 9	96.0%	Mar 17	99.4%	Jun 30	91.8%	Oct 13	98.4%
Dec 16	96.8%	Mar 24	99.8%	Jly 7	94.9%	Oct 20	97.8%
Dec 23	80.8%	Mar 31	99.2%	Jly 14	95.2%	Oct 27	99.9%
Dec 30	95.9%	Apr 7	99.3%	Jly 21	96.0%	Nov 3	98.2%
1941—		Apr 14	98.3%	Jly 28	97.6%	Nov 10	96.6%
Jan 6	97.2%	Apr 21	96.0%	Aug 4	96.3%	Nov 17	97.0%
Jan 13	98.5%	Apr 28	94.3%	Aug 11	95.6%	Nov 24	95.9%
Jan 20	96.5%	May 5	96.8%	Aug 18	96.2%	Dec 1	97.6%
Jan 27	97.1%	May 12	99.2%	Aug 25	96.5%		

"Steel" of Cleveland, in its summary of the iron and steel markets on Dec. 1, stated:

New methods of handling priorities and allocations are being put into effect by the Office of Production Management, embodying changes brought about by experience in handling steel distribution.

General Allocations Order No. 1 effective Dec. 1, covers all products of plate mills, including plates, sheet bars, slabs, skelp and others. A new plan for blanket ratings in the form of a new "P" order, to be known as the Production Requirements Plan, is being formulated, which will permit defense contractors to obtain a rating covering all their needs for defense orders, rather than separate applications for each item. A new PD-1 form is planned, which can be extended to suppliers after the rating is issued.

Priorities division, OPM, has extended all general preference orders affecting iron and steel products, pig iron, warehouses and special types of steel and iron to Dec. 31, 1942. They previously had been set to expire Nov. 30, this year. This includes order M-21, putting steel products under priority. Preference rating order P-31, affecting materials essential to manufacture and repair of foundry equipment, was extended to May 30, 1942.

First action toward releasing considerable steel bought by European countries which later came under German control, stored at tidewater, will be taken soon by the Office of Export Control. This will seek to recover about 18,000 boxes of tin plate bought for shipment to a Balkan country. Considerable tonnage of this sort is said to be available for government confiscation.

Ending of the captive coal mine strike last week removed one of the most important threats to steel production. Resumption of mining, coke production and blast furnace activity was immediate, in order to minimize loss of steel production. Banked blast furnaces resumed everywhere except for two in the Birmingham district where a strike is still in progress. A result of the interruption is reduced coal stocks and lessened coke reserves, which will require some time to replace.

Prompt resumption of production after the coal strike minimized loss but the national rate declined ½-point to 95%. An upward movement is expected for this week. Pittsburgh declined 3 points to 96%; Chicago 2 points to 99½%; Detroit 1 point to 95; eastern Pennsylvania 1 point to 90; St. Louis 4½ points to 93½ and Cincinnati 4 points to 87½%. New England gained 8 points to 100%; Cleveland 3½ points to 95½, Wheeling 10 points to 92%. Unchanged rates were maintained at Birmingham, 90; Buffalo, 79; Youngstown, 88.

Opinion is growing that lack of scrap will be even more acute in 1942 as a result of thorough combing of all sources of miscellaneous grades this year. Greater reliance must be put on pig iron, added productive capacity for which will begin to make itself felt during next year. Industrial and "home" scrap will be produced in the usual proportion to steel output but material from other sources is not expected to increase. The Institute of Scrap Iron and Steel estimates 1941 consumption of scrap at 52,000,000 tons, by far the largest annual tonnage in history.

Further adjustment has been made in the OPA scrap schedule to aid in providing better supply. Low phosphorus scrap base at Cincinnati, Middletown and Portsmouth, O., and Ashland, Ky., has been advanced $1. Heavy melting steel base has been advanced $2.50 and cupola cast scrap $1.50 at San Francisco and Los Angeles and Oregon has been added to states from which remote scrap can be moved and freight be absorbed.

A tentative schedule is being arranged to cover 1,380,000 tons of various steel products for export to Great Britain over first half, largely semifinished steel, with some rails and track fastenings.

Automobile production moved upward last week, turning out 93,495 cars, against 76,820 the preceding week. This compares with 128,783 in the corresponding week last year.

Steel and iron imports in August, announcement of which was related by press of work in the Department of Commerce, totaled 1,975 tons, excluding scrap, compared with 1,631 in July. Scrap imports at 16,405 tons were approximately 7,000 tons larger than in July, nearly all from Canada and Cuba.

Composite prices continue steady in absence of change in government ceilings. Finished steel is $56.73, semi-finished steel $36, steelmaking pig iron $23.05 and steelmaking scrap $19.17.

President Roosevelt Sets December 15 For Observing 150th Year of Bill of Rights

President Roosevelt called on the American people on Nov. 28 to observe Dec. 15 as "Bill of Rights Day," to cherish the "immeasurable privileges which the charter guaranteed" and to rededicate its principles and its practice.

The date marks the 150th anniversary of the appending to the Constitution of the first ten amendments, guaranteeing freedom of religion, press, speech and assembly and the right to petition the government for redress of grievances. In his proclamation the President set apart Dec. 15 "as a day of mobilization for freedom and for human rights, a day of remembrance of the democratic and peaceful action by which these rights were gained, a day of reassessment of their present meaning and their living worth."

The text of the proclamation was as follows:

Whereas a Joint Resolution of the Congress, approved Aug. 21, 1941, authorizes and requests the President of the United States "to issue a proclamation designating Dec. 15, 1941, as Bill of Rights Day, calling upon officials of the Government to display the flag of the United States on all Government buildings on that day, and inviting the people of the United States to observe the day with appropriate ceremonies and prayer";

Now, Therefore, I, Franklin D. Roosevelt, President of the United States of America, do hereby designate Dec. 15, 1941, as Bill of Rights Day. And I call upon the officials of the Government, and upon the people of the United States, to observe the day by displaying the flag of the United States on public buildings and by meeting together for such prayers and such ceremonies as may seem to them appropriate.

The first ten amendments, the great American charter of personal liberty and human dignity, became a part of the Constitution of the United States on the 15th day of December, 1791

It is fitting that the anniversary of its adoption should be remembered by the nation which, for one hundred and fifty years, has enjoyed the immeasurable privileges which that charter guaranteed: the privileges of freedom of religion, freedom of speech, freedom of the press, freedom of assembly and the free right to petition the Government for redress of grievances.

It is especially fitting that this anniversary should be remembered and observed by those institutions of a democratic people which owe their very existence to the guarantees of the Bill of Rights: the free schools, the free churches, the labor unions, the religious and education and civic organizations of all kinds which, without the guarantee of the Bill of Rights, could never have existed; which sicken and disappear whenever, in any country, these rights are curtailed or withdrawn.

The 15th day of December, 1941, is therefore set apart as a day of mobilization for freedom and for human rights, a day of remembrance of the democratic and peaceful action by which these rights were gained, a day of reassessment of their present meaning and their living worth.

Those who have long enjoyed such privileges as we enjoy forget in time that men have died to win them. They come in time to take these rights for granted and to assume their protection is assured. We, however, who have seen these privileges lost in other continents and other countries can now appreciate their meaning to those people who enjoyed them once and now no longer can. We understand in some measure what their loss can mean. And by that realization we have come to a clearer concepton of their worth to us, and to a stronger and more unalterable determination that here in our land they shall not be lost or weakened or curtailed.

It is to give public expression and outward form to that understanding and that determination that we are about to commemorate the adoption of the Bill of Rights and rededicate its principles and its practice.

In Witness Whereof, I have hereunto set my hand and caused the seal of the United States of America to be affixed.

Daily Average Crude Oil Production for Week Ended Nov. 29, 1941 Off 250,250 Barrels

The American Petroleum Institute estimates that the daily average crude oil production for the week ended Nov. 29, 1941 was 4,086,600 barrels. This was a decrease of 250,250 barrels from the output of the preceding week and the current week's figure was above the 4,070,000 barrels calculated by the U. S. Department of the Interior to be the total of restrictions imposed by the various oil-producing States during November. Daily average production for the four weeks ended Nov. 29, 1941, is estimated at 4,151,600 barrels. The daily average output for the week ended Nov. 30, 1940 totaled 3,335,050 barrels. Further details as reported by the Institute follow:

Reports received from refining companies owning 86.4% of the 4,538,000 barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 4,115,000 barrels of crude oil daily during the week ended Nov. 29, 1941, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of the week, 85,525,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 14,089,000 barrels during the week.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	aB. of M. Calculated Requirements (November)	State Allowables	—Actual Production— Week Ended Nov. 29 1941	Change From Previous Week	4 Weeks Ended Nov. 29 1941	Week Ended Nov. 30 1940
Oklahoma	469,400	428,000	b425,100	— 2,100	425,350	403,550
Kansas	253,500	257,000	b249,200	— 5,050	249,500	196,650
Nebraska	6,200	------	b5,800	— 50	5,950	2,550
Panhandle Texas			85,100	— 9,900	84,900	50,500
North Texas			107,050	— 8,450	108,550	106,250
West Central Texas			30,950	— 2,500	31,800	28,150
West Texas			286,500	— 46,200	297,900	178,800
East Central Texas			86,100	— 4,350	86,700	72,850
East Texas			369,500	— 68,750	386,750	298,700
Southwest Texas			216,250	— 35,700	226,200	159,800
Coastal Texas			291,200	— 45,950	302,250	194,300
Total Texas	1,454,700	c1,533,283	1,472.650	—221,800	1,525,050	1.089.350
North Louisiana			81,600	— 350	82,000	66,500
Coastal Louisiana			266,850	+ 800	267,100	2'9.850
Total Louisiana	333,200	347,058	348,450	+ 450	349,100	286,350
Arkansas	76,500	73,653	74.050	+ 700	73,150	69,400
Mississippi	55,100		b74,450	— 4,550	73,500	16,000
Illinois	408,100		400.300	— 4,800	401,650	327,400
Indiana	20,500		b18,400	+ 300	18,200	20,550
Eastern (not incl. Ill. and Ind.)	94.300		96.250	+ 1,100	98,500	89 250
Michigan	47,400		56 950	— 650	59,700	46.350
Wyoming	83,400		82,050	— 1,450	80,100	72.650
Montana	20,600		21,400	— 50	21,400	17,800
Colorado	5,200		5,350	+ 100	5,450	3,500
New Mexico	115,200	116,500	117,800	+ 400	117,050	101.100
Total East of Calif.	3,443,300		3,448.200	—237.450	3,498,650	2,742.450
California	626,700	d613,200	638.400	— 12,800	652,950	592.600
Total United States	4,070,000		4,086,600	—250,250	4,151,600	3,335,050

aThese are Bureau of Mines' calculations of the requirements of domestic crude oil based upon certain premises outlined in its detailed forecast for the month of November. As requirements may be supplied either from stocks, or from new production, contemplated withdrawals from crude oil inventories must be deducted from the Bureau's estimated requirements to determine the amount of new crude to be produced.

bOkla., Kans., Neb., Miss., Ind. figures are for week ended 7 a. m. Nov. 26.

cThis is the net basic 30-day allowable as of Nov. 1, but experience indicates that it will increase as new wells are completed, and if any upward revisions are made. With a few exceptions the entire State, including Panhandle, was ordered shut down on Nov. 2, 8, 9, 11, 16, 23, 27 and 30.

dRecommendation of Conservation Committee of California Oil Producers.

NOTE:—The figures indicated above do not include any estimate of any oil which might have been surreptitiously produced.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED NOV. 29, 1941

(Figures in Thousands of Barrels of 42 Gallons Each)

District	Daily Refining Capacity: Potential Rate	Daily Refining Capacity: P. C. Reporting	Crude Runs to Stills: Daily Aver.	Crude Runs to Stills: P. C. Operated	Gasoline Produc'n at Refineries Incl. Natural, Blended	Stocks Finished & Unfinished Gasoline	e Stocks of Gas Oil and Distillates	e Stocks of Residual Fuel Oil	f Stocks Aviation Gasoline
East Coast	673	100.0	653	97.0	1,998	19,435	22,092	12,539	E. Coast
Appalachian	166	83.8	143	102.9	478	3,447	696	414	680
Ind., Ill., Ky.	752	84.4	663	104.0	2,632	15,469	5,542	4,560	Interior
Okla., Kans., Mo.	413	80.7	298	89.5	1,262	7,858	2,023	2,232	1,466
Inland Texas	263	63.2	123	74.1	543	2,410	463	1,318	G. Coast
Texas Gulf	1,097	91.0	1,051	105.2	3,311	11,599	6,590	7,974	2,685
Louisiana Gulf	156	94.2	191	129.1	499	2,937	1,686	2,296	
No. La. & Arkansas	95	49.9	44	93.6	136	428	340	358	
Rocky Mountain	136	50.1	46	67.6	235	1,134	145	346	Calif.
California	787	90.9	517	72.3	1,585	15,458	12,964	62,684	2,221
Reported		86.4	3,729	95.1	12,679	80,175	52,541	94,721	7,052
Est. unreported			386		1.410	5,350	1,600	1,250	405
aEst. Total U. S. Nov. 29, 1941	4,538		4,115		14,089	d85,525	54,141	95,971	7,457
aEst. Total U. S. Nov. 22, 1941	4,538		3,995		13,555	84,579	54,396	95,982	7,516
U. S. . of Mines aNov. 29, 1940			b3,512		c11,619	79,495	46,785	104,806	6.311

aEstimated Bureau of Mines' basis. bNovember 1940 daily average. cThis is a week's production based on the U. S. Bureau of Mines November 1940 daily average. dFinished 77,479,000 bbl.; unfinished 8,046,000 bbl. eAt refineries, bulk terminals, in transit and pipe lines. fIncluded in finished and unfinished gasoline total.

English Financial Market--Per Cable

The daily closing quotations for securities, &c., at London, as reported by cable, have been as follows the past week:

	Saturday	Monday	Tuesday	Wednesday	Thursday	Friday
Silver, p. oz. d.	Closed	23½d	23½d	23½d	23½d	23½d
Gold, p. fine oz.	168s	168s	168s	168s	168s	168s
Consols, 2½%	Closed	£82⅛	£82⅛	£82⅛	£82⅛	£82¼
British 3½% W. L.	Closed	£104½	£104½	£104½	£104⅝	£104⅝
British 4% 1960-90	Closed	£114½	£114½	£114⅜	£114⅜	£114⅜

The price of silver per oz. (in cents) in the United States on the same days has been:

Bar N. Y. (Foreign)	34¾	34¾	34¾	34¾	34¾	35⅛
U. S. Treas. (newly mined)	71.11	71.11	71.11	71.11	71.11	71.11

Electric Output For Week Ended Nov. 29, 1941 Shows 12.3% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Nov. 29, 1941, was 3,293,415,000 kwh. The current week's output is 12.3% above the output of the corresponding week of 1940 when production totaled 2,931,877,000 kwh. The output for the week ended Nov. 22, 1941 was estimated to be 3,205,034,000 kwh., an increase of 12.9% over the corresponding week a year ago.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographic Regions	Week Ended Nov. 29, '41	Week Ended Nov. 22, '41	Week Ended Nov. 15, '41	Week Ended Nov. 8, '41
New England	23.2	9.5	15.7	18.7
Middle Atlantic	9.9	11.2	10.4	14.0
Central Industrial	13.2	14.5	16.8	18.5
West Central	12.8	14.8	15.9	17.8
Southern States	9.3	13.0	14.3	17.3
Rocky Mountain	16.3	17.4	16.9	16.3
Pacific Coast	x12.2	x10.5	x12.2	x11.1
Total United States	12.3	12.9	14.3	16.4

x Percentage should be higher; data under revision.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended	1941	1940	Percent Change 1941 from 1940	1939	1938	1937
June 7	3,042,128	2,598,812	+17.1	2,328,756	2,056,509	2,266,759
June 14	3,066,047	2,664,853	+15.1	2,340,571	2,051,006	2,260,771
June 21	3,055,841	2,653,788	+15.2	2,362,436	2,082,232	2,287,420
June 28	3,120,780	2,659,825	+17.3	2,395,857	2,074,014	2,285,362
July 5	2,866,865	2,425,229	+18.2	2,145,033	1,937,486	2,139,281
July 12	3,141,158	2,651,626	+18.5	2,402,893	2,154,099	2,358,438
July 19	3,162,586	2,681,071	+18.0	2,377,902	2,152,779	2,321,531
July 26	3,183,925	2,760.935	+15.3	2,426,631	2,159,667	2,312,104
Aug. 2	3,226,141	2,762,240	+16.8	2,399,805	2,193,750	2,341,103
Aug. 9	3,198,009	2,743,284	+16.5	2,413,600	2,198,266	2,360,960
Aug. 16	3,200,918	2,745,697	+16.6	2,453,556	2,206,560	2,365,859
Aug. 23	3,193,404	2,714,193	+17.7	2,434,101	2,202,454	2,351,233
Aug. 30	3,223,609	2,736,224	+17.8	2,442,021	2,216,648	2,380,301
Sept 6	3,095,746	2,591,957	+19.4	2,375,852	2,109,985	2,211,398
Sept 13	3,281,290	2,773,177	+18.3	2,532,014	2,279,233	2,338,370
Sept 20	3,232,192	2,769,346	+16.7	2,538,118	2,211,059	2,231,277
Sept 27	3,233,278	2,816,358	+14.8	2,558,538	2,207,942	2,331,415
Oct. 4	3,289,692	2,792,067	+17.8	2,554,290	2,228,586	2,330,384
Oct. 11	3,314,952	2,817,465	+17.7	2,583,366	2,251,089	2,324,750
Oct. 18	3,273,184	2,837,730	+15.3	2,576,331	2,281,328	2,327,212
Oct. 25	3,299,120	2,866,827	+15.1	2,622,267	2,283,831	2,297,785
Nov. 1	3,338,538	2,882,137	+15.8	2,608,664	2,270,534	2,245,449
Nov. 8	3,325,574	2,858,054	+16.4	2,588,618	2,276,904	2,214,337
Nov. 15	3,304,464	2,889,937	+14.3	2,587,113	2,325,273	2,263,679
Nov. 22	3,205,034	2,839,421	+12.9	2,560,962	2,247,712	2,104,579
Nov. 29	3,293,415	2,931,877	+12.3	2,605,274	2,334,690	2,179,411

DATA FOR RECENT MONTHS (Thousands of Kilowatt-Hours)

	1941	1940	Percent Change 1941 from 1940	1939	1938	1937
January	13,149,116	11,683,430	+12.5	10,183,400	9,290,754	9,787,901
February	11,831,119	10,589,428	+11.7	9,256,313	8,396,231	8,911,125
March	12,882,642	10,974,335	+17.4	10,121,459	9,110,808	9,886,443
April	12,449,229	10,705,682	+16.3	9,525,317	8,607,031	9,573,698
May	13,218,633	11,118,543	+18.9	9,868,962	8,750,840	9,665,137
June	13,231,219	11,026,943	+20.0	10,068,845	8,832,736	9,773,908
July	13,836.992	11,616,238	+19.1	10,185,255	9,170.375	10,036,410
August	14,118,619	11,924,381	+18.4	10,785,902	9,801,770	10,308,884
September	13,901,644	11,484,529	+21.0	10,653,197	9,486,866	9,908,314
October	---------	12,474,727	---	11,289,617	9,844,519	10,065,805
November	---------	12,213,543	---	11,087,866	9,893,195	9,506,495
December	---------	12,842,218	---	11,476,294	10,372,602	9,717,471
Total for yr.		138,653,997		124,502,309	111,557,727	117,141,591

Heavy Taxes, Inflation, Or Rationing Choice Of American People, Homer Jones Declares

The national fiscal problem involves the devising of a program which will "cause half the income of the country, or some $50,000,000,000 at present prices, to flow through governmental channels, according to Homer Jones of the Federal Deposit Insurance Corp. Mr. Jones made this statement in a paper on "Implications of Federal Fiscal Policy," which he read Dec. 1, before the Tax Institute symposium on national defense and taxation, held in Philadelphia.

"If and when we commence in fact as well as in words to engage in an 'all-out' military effort, we should be able at least to match the proportion of income now devoted to such purposes by the belligerents," he said, and added: "England and Germany are devoting more than half of their income to military ends quite aside from other government expenditures. Since these countries are poorer than ours, since their per capita real income in peacetime is far below our per capita real income, we can devote a greater proportion of our production to military ends than they, and still can retain the minimum essentials of civilian life."

The public, Mr. Jones said must understand that in the carrying on of the war effort we must choose between "heavy taxes, inflation, or a system of rationing which implies essential abandonment of the private business system." He continued:

They (the public) know that both taxation and inflation are disagreeable. They do not realize that if they refuse to accept either of them they will inevitably find rationing forced upon them. They may not be much impressed by the abstract argument that rationing and price fixing involve suspension of the system of free enterprise, but they should be impressed with the effects of rationing on their daily lives. If they could be convinced that an all-out war effort involved, for example, either giving the Government 50% of their income while remaining free to spend the other 50% as they pleased, or, on the other hand having the Government—through a gigantic and cumbersome bureaucracy—dole out to them an amount of goods in prescribed proportions equal to 50% of their customary consumption, they might greatly prefer the former device. If it is true that we must have either taxation or rationing, it is the duty of the public authorities to present the essential characteristics and implications of both systems to the public rather than to force the rationing system upon them by default.

Unfortunately, the character of the approach to the problem common in many quarters indicates that the inevitability of this choice is not generally understood. For example, there is a widespread notion that inflation can be prevented and higher taxes in some substantial measure forestalled by having the Government borrow directly from savers rather than from commercial banks. A related idea is that the form of the bonds employed in financing the Government will significantly influence the effects of the fiscal program on the price level. It is frequently urged that the Government should issue securities of such characteristics that banks could not or would not invest in them so that no additional bank deposits would be created to swell the volume of circulating medium.

Both these ideas overlook the simple fact that borrowing by the Government which exceeds uninvested savings, except insofar as total production can expand, must be inflationary. This is true regardless of who the individual or institution buying the Government bond may be. A defense savings bond paid for by reducing someone's cash balance at a bank may be just as inflationary as the sale of a bond to the bank itself. Only to the extent that the form of the obligations issued actually induces more savings or discourages investment can it exert any influence in preventing inflation. It is difficult to believe that any campaign to sell savings bonds to small investors or to encourage insurance companies to buy more Governments can substantially reduce either consumption of goods and services or private investments.

It is sometimes urged that, whatever the level of taxes necessary to prevent inflation may be, increases to this level should be made gradually because of the extreme hardship involved. Those who argue this way either are ignorant of, or refuse to face, the fact that in our present situation we have no escape from extreme hardship. If we refuse to pay the price of military security in the form of adequately high taxes, we must pay it in the form of a higher cost of living in relation to our income or else in the form of reduced rations of the things of daily consumption. But pay we must, and the sooner everyone understands this the sooner will it be possible to make an intelligent decision as to the least disagreeable and least harmful way of paying.

Far West Business Resumes Up-Trend

Upward trend of Bank of America's business index, interrupted by a decline in September, was resumed in October, rising to 142% of the 1935-39 average. This was one point above September, but still two points below August, the all-time high, according to the California bank's "Business Review" for October.

Defense again was the motivating factor, says the review, with California now leading all states in defense awards. With $3,644,092,000 in defense awards to the end of October, California is now a billion dollars ahead of the nearest state, New York.

Far West retail trade in October showed a slight gain of about 1% over September, according to the review. Private residential building, valued at $26,800,000 showed a gain of 6%, but publicly financed residential building declined from $9,570,000 in September to $5,100,000 in October.

Fertilizer Assn. Price Index Slightly Lower

The general level of wholesale commodity prices was slightly lower last week, according to the wholesale price index compiled by The National Fertilizer Association and issued Dec. 1. This index in the week ended Nov. 29, 1941, declined to 116.6 from 116.8 in the preceding week. A month ago the index was 115.9 and a year ago 99.0, based on the 1935-1939 average as 100.

The drop in the all-commodity index was due to lower prices for foodstuffs. Declining prices for butter, flour, corn meal, bananas, dried peas, veal, pork, and peanut oil were responsible for the recession in the food price index, taking it back to the level reached two weeks ago. The farm product average remained unchanged, the net result of a further advance in the price of cotton which more than offset declines in grains and livestock. Textile index continued its upward trend, with raw cotton, cotton yarn, and certain cotton goods rising in price; no textile items declined during the week. A small increase in the price of castor oil was not sufficient to change the chemical and drug price index. The average of industrial commodities was fractionally higher.

Although the all-commodity index receded, during the week 25 price series included in the index advanced while 15 declined; in the preceding week there were 27 advances and 16 declines; in the second preceding week there were 22 advances and 23 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	GROUP	Latest Week Nov. 29, 1941	Preceeding Week Nov. 22, 1941	Month Ago Oct. 25, 1941	Year Ago Nov. 30, 1940
25.3	Foods	113.0	113.7	113.2	90.9
	Fats and Oils	122.2	121.8	122.5	68.7
	Cottonseed Oil	142.9	142.5	145.3	65.6
23.0	Farm Products	117.2	117.2	114.0	89.2
	Cotton	157.7	155.9	148.4	91.0
	Grains	104.6	105.0	103.3	87.1
	Livestock	111.8	112.1	109.5	87.6
17.3	Fuels	113.3	113.3	112.3	101.5
10.8	Miscellaneous Commodities	126.1	126.1	125.2	110.9
8.2	Textiles	139.6	139.0	137.5	111.4
7.1	Metals	104.0	104.0	104.0	103.0
6.1	Building Materials	131.0	131.0	131.5	119.2
1.3	Chemicals and Drugs	112.0	112.0	112.3	103.5
.3	Fertilizer Materials	114.8	114.8	114.5	104.0
.3	Fertilizers	109.8	109.8	107.5	103.0
.3	Farm Machinery	100.7	100.7	100.2	99.6
100.0	All Groups Combined	116.6	116.8	115.9	99.0

*Base period changed Jan. 4 from 1926-1928 average to 1935-1939 average as 100. Indexes on 1926-1928 base were: Nov. 29, 1941, 90.8; Nov. 22, 1941, 91.0; Nov. 30, 1940, 77.1.

The London Stock Exchange

Quotations of representative stocks as received by cable each day of the past week:

	Sat. Nov. 22	Mon. Nov. 24	Tues. Nov. 25	Wed. Nov. 26	Thur. Nov. 27	Fri. Nov. 28
Boots Pure Drugs		37/6	37/6	37/6	37/6	37/6
British Amer. Tobacco		100/-	100/6	101/3	101/3	102/6
*Cable & W. ord.		£71	£70¾	£71½	£71	£71
Central Min. & Invest.		£13¼	£13¼	£13¼	£13¼	£13¼
Cons. Goldfields of S. A.		45/6	45/6	45/9	45/9	45/9
Courtaulds (S.) & Co.		35/6	35/6	35/3	35/6	35/6
De Beers		£10½	£10⅜	£10¼	£10 1/16	£10 1/16
Distillers Co.		74/-	73/9	74/-	73/9	74/-
Electric & Musical Ind.		14/9	14/9	14/9	14/9	14/9
Ford Ltd.	Closed	25/-	25/-	25/-	25/-	25/-
Hudsons Bay Company		25/9	25/9	25/6	25/6	25/6
Imp. Tob. of G. B. & I.		131/3	131/3	130/9	131/3	131/3
*London Mid. Ry.		£16½	£16⅛	£16⅛	£16	£16
Metal Box		77/-	77/-	77/-	77/-	77/-
Rand Mines		£7⅛	£7⅛	£7⅛	£7⅛	£7⅛
Rio Tinto		£8	£8	£8	£8	£8
Rolls Royce		90/-	92/6	92/6	94/3	92/6
Shell Transport		60/6	60/-	60/6	61/3	61/9
United Molasses		31/6	31/3	30/9	31/-	31/6
Vickers		18/-	18/-	18/-	18/-	18/-
West Witwatersrand Areas		£5½	£5½	£5½	£5⅜	£5 5/16

*Per £100 par value.

House Passes Price Control Measure On November 28 After Drastic Amendments

The House on Nov. 28, by a vote of 224 to 161, passed a bill designed to control the prices of commodities and defense-area rents. The measure, which was drastically amended from the Administration-sponsored bill introduced in Congress last August, now goes to the Senate where action is not likely to be completed for some time. House action came after an attempt to have the bill recommitted to committee was defeated (173 to 134) and passage was brought about by Administration forces' compromises on many points with a combination of Republicans and Democrats.

While the original proposal to have a single Administrator handle the program is provided the bill also creates a five-man board of review which would have authority to set aside the Administrator's rulings.

Two of the other chief changes in the legislation concern the elimination of the provision for enforcing the price controls through a system of licensing of business and amendment of the section giving the Administrator authority to maintain price stability through the buying and selling of commodities. In the latter instance the government is permitted to buy and sell commodities when it is necessary for aiding high-cost or marginal producers. Leon Henderson, head of the present Office of Price Administration and the probable choice for Administrator under this law, has claimed that the licensing provision is essential to successful enforcement of price regulation.

An attempt to include in the House bill a control of wages when considered "inflationary" was rejected by a vote of 102 to 53.

With respect to farm price ceilings, the House approved the formula agreed to by its Banking and Currency Committee. This provides that ceilings for farm products cannot be fixed below the average market price on Oct. 1, 1941, or the average between 1919 and 1929, or 110% of the parity price, whichever is the highest. (Parity is a price designed to give a farm commodity the same purchasing power, in terms of non-farm products, that it had over the period 1909-14.) The original Administration bill provided that no ceiling could be imposed on farm commodities at less than 110% of parity.

During the course of price control debate, the House on Nov. 26 defeated by a vote of 218 to 63 the "over-all" price control plan to freeze all wages, prices and rents at their present levels for the duration of the emergency. This plan, sponsored by Representative Gore, (Dem. of Tenn.), was offered as an amendment to the House Banking Committee's "selective" price control bill. It embodied the principles advocated by Bernard M. Baruch, Chairman of the World War Industries Board.

The following are the main provisions of the House-approved legislation, according to the Associated Press:

1. It is declared necessary for national defense and security to prevent price and credit inflation.

2. A Price Administrator, appointed by the President subject to Senate confirmation, is empowered to handle that task.

3. The Administrator is permitted to set a ceiling, or a top price, on any commodity threatening to reach the inflation point.

4. A five-member board of review is created with broad power to overrule decisions by the Price Administrator.

5. Producers of farm products are protected by preventing the Administrator from establishing a ceiling on them lower than the highest of the following three levels: (a) A price equal to 110% of parity; (b) the market price prevailing on Oct. 1, 1941; (c) the average price for the period 1919-29.

6. The establishment of ceilings on rents is permitted in defense areas and tenants receive the right to appeal to the Administrator if they believe their rent has soared too high.

7. The Government is permitted to buy and sell in the domestic market to stimulate production of high-cost or marginal producers.

Argentine Internal Bond Conversion A Success

Argentina's vast internal bond conversion scheme has been an outstanding success, according to word received by the Argentine Information Bureau in New York on Nov. 22. The plan provided for the conversion of 5% and 4½% internal bonds into new taxable 4% issues. Of the total of 2,783,400,000 pesos internal bonds subject to conversion, 2,679,000,000 pesos have been spontaneously converted, it is said. Requests for redemption have amounted to only 23,900,000 pesos. Plans for the conversion were discussed in these columns of Nov. 27, page 1229.

The New York Bureau received word from Buenos Aires on Nov 26 that the extraordinary success of this conversion has been followed by the launching of a second big conversion scheme. The new operation, which affects national mortgage bonds totaling approximately 1,320,000,000 pesos, was started on Nov. 26. Details were given as follows:

Bondholders of the 5% mortgage bonds accepting the conversion will receive new taxable 4% bonds at a rate of 106.80 pesos for acceptances intimated within the period from Nov. 26 to Nov. 30 and at 106.30 between Dec. 1 and Dec. 4. when the operations close. The conversion rates applicable to the 4½% mortgage bonds, for which bondholders will receive new taxable 4% issues, are 106.30 pesos for conversion between Nov. 26 and Nov. 30 and 106.05 during the second stage from Dec. 1 to 4.

Bank Debits Up 22% From Last Year

Bank debits as reported by banks in leading centers for the week ended Nov. 26 aggregated $10,027,000,000. Total debits during the 13 weeks ended Nov. 26 amounted to $139,358,000,000, or 25% above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 20% compared with the corresponding period a year ago, and at the other reporting centers there was an increase of 27%.

SUMMARY BY FEDERAL RESERVE DISTRICTS
(In millions of dollars)

Federal Reserve District	Week Ended Nov. 26, 1941	Week Ended Nov. 27, 1940	13 Weeks Ended Nov. 26, 1941	13 Weeks Ended Nov. 27, 1940
Boston	589	528	7,740	6,583
New York	3,943	3,293	55,469	46,108
Philadelphia	573	442	7,346	5,762
Cleveland	727	580	10,175	7,974
Richmond	402	325	5,734	4,349
Atlanta	358	278	4,641	3,497
Chicago	1,424	1,219	20,396	16,476
St. Louis	359	265	4,725	3,462
Minneapolis	185	155	2,816	2,171
Kansas City	329	246	4,441	3,477
Dallas	286	211	3,747	2,795
San Francisco	854	656	11,528	9,185
Total, 274 reporting centers	10,027	8,198	139,358	111,838
New York City*	3,636	2,959	50,654	42,090
140 Other leading centers*	5,530	4,547	76,499	60,163
133 Other centers	861	692	12,205	9,585

* Included in the national series covering 141 centers, available beginning with 1919.

Report of Operations of RFC Through Oct. 31

Authorizations and commitments of the Reconstruction Finance Corporation during October amounted to $384,130,143, rescissions of previous authorizations and commitments amounted to $6,947,312, making total authorizations through Oct. 31, 1941, and tentative commitments outstanding at the end of the month of $19,478,318,886, it was stated by Charles B. Henderson, Chairman, in his monthly report of operations of the Corporation, issued Nov. 24. This latter amount, Mr. Henderson pointed out, includes a total of $1,781,049,946 authorized for other Governmental Agencies and $1,800,000,000 for relief from organization through Oct. 31, 1941.

Authorizations aggregating $7,430,185 were canceled or withdrawn during October, making total cancellations and withdrawals of $2,523,721,296, Mr. Henderson said. A total of $3,985,442,347 remains available to borrowers and to banks in the purchase of preferred stock and debentures.

During October, $315,732,759 was disbursed for loans and investments and $35,938,475 was repaid, making total disbursements through Oct. 31, 1941, of $9,482,323,631 and repayments of $6,503,280,164 (approximately 69%). The following is from the Chairman's report:

> During October, loans to banks and trust companies (including those in liquidation) were canceled in the amount of $65,152, $268,644 was disbursed and $3,164,849 was repaid. Through Oct. 31, 1941, loans have been authorized to 7,541 banks and trust companies (including those in receivership) aggregating $2,603,747,741. Of this amount $517,764,956 has been withdrawn, $15,767,734 remains available to borrowers and $2,070,215,052 has been disbursed. Of this latter amount $1,977,423,357, approximately 95% has been repaid. Only $5,610,599 is owing by open banks and that includes $5,054,820 from one mortgage and trust company.
>
> During October, the Corporation authorized the purchase of preferred stock of 3 banks in the amount of $95,000. Through Oct. 31, 1941, authorizations have been made for the purchase of preferred stock, capital notes and debentures of 6,806 banks and trust companies aggregating $1,466,854,663 and 1,123 loans were authorized in the amount of $52,811,026 to be secured by preferred stock, a total authorization for preferred stock, capital notes and debentures of 6,874 banks and trust companies of $1,519,665,689. $174,322,857 of this has been withdrawn and $886,500 remains available to the banks when conditions of authorizations have been met.
>
> During October, loans for distribution to depositors of closed banks were canceled in the amount of $65,152, $250,644 was disbursed and $2,590,845 was repaid. Through Oct. 31, 1941, loans have been authorized for distribution to depositors of 2,778 closed banks aggregating $1,391,474,104, $340,219,195 of this amount has been withdrawn and $15,767,734 remains available to the borrowers. $1,035,487,175 has been disbursed and $993,065,181, approximately 96%, has been repaid.
>
> During October, the authorizations to finance drainage, levee and irrigation districts were increased by $196,800, $10,298 was canceled and $22,701 was disbursed. Through Oct. 31, 1941, loans have been authorized to refinance 361 drainage, levee and irrigation districts aggregating $147,671,819, of which $46,265,731 has been withdrawn; $3,266,626 remains available to the borrowers and $98,139,461 has been disbursed.
>
> Under the provisions of Section 5 (d), which was added to the Reconstruction Finance Corporation Act June 19, 1934, and amended April 13, 1938, 26 loans to industry, aggregating $7,639,216 were authorized during October and authorizations in the amount of $559,724 were canceled or withdrawn. Through Oct. 31, 1941, including loans to the fishing industry, to banks and to mortgage loan companies to assist business and industry, the Corporation has authorized 7,894 loans for the benefit of industry aggregating $509,827,331. Of this amount $107,553,550 has been withdrawn and $125,257,788.50 remains available to the borrowers. In addition, the Corporation agreed to purchase participations amounting to $1,386,201 in loans to 10 businesses during October and similar authorizations aggregating $1,669,489 were withdrawn. Through Oct. 31, 1941, the Corporation has authorized or has agreed to the purchase of participations aggregating $115,945,708 of 1,966 businesses, $32,767,078 of which has been withdrawn and $32,068,811 remains available.

During October, authorizations to Public Agencies for Self-Liquidating Projects were increased in the amount of $63,000. Disbursements amounted to $1,214,000 and repayments amounted to $846,800. Through Oct. 31, 1941, 408 loans have been authorized on Self-Liquidating Projects aggregating $775,774,433. $75,620,643 of this amount has been withdrawn and $95,381,575 remains avail-

able to the borrowers. $604,772,215 has been disbursed and $515,-998,940 has been repaid.

During October the Corporation purchased from the Public Works Administration 1 block (1 issue) of securities having a par value of $500,000 and sold securities previously purchased from the Public Works Administration having a par value of $883,000 at a premium of $30,004. The Corporation also collected maturing PWA securities having par value of $73,905. Through Oct. 31, 1941, the Corporation has purchased from the Public Works Administration, Federal Works Agency (formerly Federal Emergency Administration of Public Works) 4,418 blocks (3,316 issues) of securities having par value of $694,739,788. Of this amount, securities having par value of $517,945,770 were sold at a premium of $14,427,663. Securities having a par value of $143,541,577 are still held. In addition, the Corporation has agreed to purchase, to be held and collected or sold at a later date, such part of securities having an aggregate par value of $3,230,000 as the Administration is in a position to deliver from time to time.

The report listed as follows disbursements and repayments for all purposes from Feb. 2, 1932, to Oct. 31, 1941:

	Disbursements $	Repayments $
Loans under Section 5:		
Banks and trust companies (incl. receivers)	2,021,020,090.45	1,930,305,999.88
Railroads (including receivers)	811,325,175.16	*363,431,186.15
Mortgage loan companies	654,718,120.31	450,571,338.80
Federal Land banks	387,236,000.00	387,236,000.00
Regional Agricultural Credit corporations	173,243,640.72	173,243,640.72
Building and loan associations (incl. receivers)	124,884,164.73	121,617,948.50
Insurance companies	90,693,209.81	88,207,436.86
Joint Stock Land banks	24,666,880.20	23,279,217.84
State funds for insur. of deposits of public moneys	13,064,631.18	13,064,631.18
Livestock Credit corporations	12,971,598.69	12,971,598.69
Federal Intermediate Credit banks	9,250,000.00	9,250,000.00
Agricultural Credit corporations	5,643,618.22	5,599,953.83
Fishing industry	719,675.00	671,388.54
Credit unions	600,095.79	600,095.79
Processors or distributors for payment of processing tax	14,718.06	14,718.06
Total loans under Section 5	4,330,051,618.32	3,580,065,154.84
Loans to Secretary of Agriculture to purchase cotton.	3,300,000.00	3,300,000.00
Loans for refinincing drainage, levee and irrigation districts	98,139,461.29	23,795,793.53
Loans to public school authorities for payment of teachers' salaries and for refinancing outstanding indebtedness	23,242,170.85	22,393,900.00
Loans to aid in financing self-liquidating construction projects	604,772,215.14	515,998,940.47
Loans for repair and reconstruction of property damaged by earthquake, fire, tornado, flood and other catastrophes	12,003,055.32	5,194,647.51
Loans to aid in financing the sale of agricultural surpluses in foreign markets	47,300,825.57	47,251,981.13
Loans to business enterprises	291,589,639.26	140,506,921.62
Loans to the United Kingdom of Great Britain and Northern Ireland	300,000,000.00	1,281,000.00
Loans for national defense	691,221,250.22	17,133,940.14
Loans to Export-Import Bank	25,000,000.00	25,000,000.00
Loans on and purchase of assets of closed banks	49,194,961.20	47,117,356.77
Loans to mining businesses	6,911,909.40	2,989,699.53
Loans for financing the carrying and orderly marketing of agricultural commodities and livestock:		
Commodity Credit Corporation	767,716,962.21	767,716,962.21
Other	19,644,491.78	19,002,923.00
Total loans, excl. of loans secured by pref. stock	7,270,088,560.56	5,218,749,220.75
Purchases of preferred stock, capital notes and debentures	1,299,294,530.80	718,757,221.77
Purchase of stock of Federal Home Loan banks	124,741,000.00	------
Loans secured by preferred stock of banks and trust	45,161,800.76	17,393,451.49
Purchase of stock of the RFC Mortgage Co.	25,000,000.00	------
Purchase of stock of the Fed. Nat. Mtge. Assn.	11,000,000.00	------
Purchase of Stock of Metals Reserve Co.	5,000,000.00	------
Purchase of Stock of Rubber Reserve Co.	5,000,000.00	------
Purchase of Stock of Defense Plant Corp.	5,000,000.00	------
Purchase of Stock of Defense Supplies Corp.	5,000,000.00	------
Loans secured by preferred stock of insurance companies	34,375,000.00	12,455,381.37
Purchase of preferred stock of insurance company	100,000.00	100,000.00
Total	1,559,672,331.56	748,706,054.63
Public Works Administration, Federal Works Agency, security transactions	652,562,738.55	535,824,889.05
Total	9,482,323,630.67	6,503,280,164.43
Allocations to governmental agencies under provisions of existing statutes:		
Secretary of the Treasury to purchase:		
Capital stock of Home Owners' Loan Corp.	200,000,000.00	------
Capital stock of Federal Home Loan banks	124,741,000.00	------
Farm Loan (now Land Bank) Commissioner for loans to:		
Farmers	145,000,000.00	------
Joint Stock Land banks	2,600,000.00	------
Federal Farm Mtge. Corp. for loans to farmers	55,000,000.00	------
Federal Housing Administrator:		
To create mutual mortgage insurance fund	10,000,000.00	------
For other purposes	82,186,380.80	------
Sec. of Agricul. for crop loans to farmers (net)	115,000,000.00	------
Sec. of Agricul.—Rural rehabilitation loans	124,490,000.00	57,452,041.80
Farm tenant loans	44,250,000.00	1,676,236.07
Governor of the Farm Credit Administration for revolving fund to provide capital for production credit corporations	40,500,000.00	------
Stock—Commodity Credit Corporation	97,000,000.00	------
Stock—Disaster Loan Corporation	24,000,000.00	------
Regional Agricultural Credit corporations for:		
Purchase of capital stock (incl. $39,500,000 held in revolving fund)	44,500,000.00	------
Expenses—Prior to May 27, 1933	3,108,278.64	------
Since May 26, 1933	14,790,852.92	------
Administrative	116,494.55	------
Administrative expense—1932 relief	126,871.85	------
Rural Electrification Administration	207,500,000.00	2,425.46
Total allocations to governmental agencies	1,334,909,878.76	59,130,703.33
For relief—To States directly by Corporation	299,984,999.00	17,159,232.30
To States on certification of Federal Relief Administrator	499,999,065.72	------
Under Emergency Appropriation Act—1935	500,000,000.00	------
Under Emergency Relief Appropriation Act, 1935	500,000,000.00	------
Total for relief	1,799,984,064.72	a 17,159,232.30
Interest on notes issued for funds for allocations and relief advances	33,177,419.82	------
Total allocations and relief	3,168,071,363.30	76,289,935.63
Grand total	12,650,394,993.97	6,579,570,100.06

* Does not include $4,450,000 represented by notes of the Canadian Pacific Ry. Co., which were accepted in payment for the balance due on loan made to the Minneapolis St. Paul & Sault Ste. Marie Ry. Co.

a In addition to the repayments of funds disbursed for relief the Emergency Relief and Construction Act of 1932, the Corporation's notes have been canceled in the amount of $2,737,672,131 on account of amount disbursed for allocations to other governmental agencies and for relief by direction of Congress and the interest paid thereon, pursuant to provisions of an Act (Public No. 432) approved Feb. 24, 1938.

The loans authorized and authorizations canceled or withdrawn for each railroad, together with the amount disbursed to and repaid by each, are shown in the following table (as of Oct. 31, 1941), contained in the report:

	Authorized $	Authorizations Canceled or Withdrawn $	Disbursed $	Repaid $
Aberdeen & Rockfish RR. Co.	127,000	------	127,000	127,000
Ala. Tenn. & Northern RR. Corp.	275,000	------	275,000	90,000
Alton RR. Co.	2,500,000	------	2,500,000	1,176,144
Ann Arbor RR. Co (receivers)	634,757	------	634,757	634,757
Ashley Drew & Northern Ry. Co.	400,000	------	400,000	400,000
Baltimore & Ohio RR. Co.	95,358,000	14,600	95,343,400	12,484,020
Birmingham & Southeastern RR. Co.	41,300	------	41,300	41,300
Boston & Maine RR.	47,877,937	------	47,877,937	7,684,937
Buffalo Union-Carolina RR.	53,960	53,960	------	------
Carlton & Coast RR. Co.	549,000	13,200	535,800	141,697
Carolina Clinchfield & Ohio Ry. (Atlanitc Coast Line and Louisville & Nashville, lessees)	d18,300,000	4,150,000	14,150,000	14,150,000
Central of Georgia Ry. Co.	3,124,319	------	3,124,319	220,692
Central RR. Co. of N. J.	500,000	35,701	464,299	464,299
Charles City Western Ry. Co.	140,000	------	140,000	140,000
Chicago & Eastern Illinois Ry. Co.	5,916,500	------	5,916,500	155,632
Chicago & Eastern Ill. RR. Co.	4,933,000	------	4,933,000	251,000
Chicago & North Western Ry. Co.	46,589,133	1,000	46,588,133	4,338,000
Chic. Great Western RR. Co.	1,289,000	------	1,289,000	1,289,000
Chicago Gt. West. RR. Co. (trustee)	150,000	------	150,000	150,000
Chicago Gt. West. Ry. Co.	6,396,870	------	6,396,870	55,341
Chic. Milw. St. P. & Pac. RR. Co.	12,000,000	500,000	11,500,000	1,080,537
Chic. Milw. St. P. & Pac. RR. Co., (trustee)	8,920,000	158,000	8,762,000	8,762,000
Chic. St. P. Minn. & Omaha Ry. Co.	1,680,000	------	------	------
Chicago No. Shore & Milw. RR. Co.	1,150,000	------	1,150,000	------
Chicago R. I. & Pac. Ry. Co.	13,718,700	------	13,718,700	------
Chic. R. I. & Pac. Ry. Co. (trustees)	2,680,000	------	2,680,000	2,680,000
Cincinnati Union Terminal Co.	10,398,925	2,098,925	8,300,000	8,300,000
Colorado & Southern Ry. Co.	30,123,900	68,678	30,055,222	1,623,127
Columbus & Greenville Ry. Co.	60,000	60,000	------	------
Copper Range RR. Co.	53,500	------	53,500	53,500
Del. Lackawanna & Western RR.	5,100,000	------	5,100,000	2,465,000
Denver & Rio Grande W. RR. Co.	8,300,000	219,000	8,081,000	500,000
Denver & Rio Grande W. RR. Co. (trustees)	1,800,000	------	1,800,000	1,800,000
Denver & Salt Lake West. RR. Co.	3,182,150	------	3,182,150	71,300
Erie RR. Co.	16,582,000	------	16,582,000	582,000
Erie RR. Co. (trustees)	10,000,000	------	10,000,000	10,000,000
Eureka Nevada Ry. Co.	3,000	3,000	------	------
Fla. E. Coast Ry. Co. (receivers)	2,957,075	90,000	1,867,075	813,075
Ft. Smith & W. Ry. Co. (receivers)	227,434	------	227,434	10,000
Ft. Worth & Den. City Ry. Co.	8,795,500	15,078	8,780,422	61,422
Fredericksburg & North. Ry. Co.	15,000	15,000	------	------
Gainesville Midland RR. Co.	78,000	------	78,000	32,000
Gainesville Midl'd Ry. Co. (receiver)	10,539	10,539	------	------
Galv. Houston & Hend. RR. Co.	3,183,000	------	3,183,000	1,211,000
Galveston Terminal Ry. Co.	546,000	------	546,000	------
Georgia & Fla. RR. Co. (receivers)	354,721	------	354,721	------
Grand Trunk West RR. Co.	5,692,000	------	1,000,000	------
Great Northern Ry. Co.	125,422,400	99,422,400	26,000,000	26,000,000
Green County RR. Co.	13,915	------	13,915	13,915
Gulf Mobile & Northern RR. Co.	520,000	------	520,000	520,000
Gulf Mobile & Ohio RR. Co. and Gulf Mobile & North RR. Co.	9,500,000	------	9,500,000	597,000
Illinois Central RR. Co.	56,095,667	22,667	56,073,000	1,678,340
Kansas City Southern Ry. Co.	1,112,000	------	1,112,000	1,112,000
Lehigh Valley RR. Co.	10,278,000	1,000,000	9,278,000	9,278,000
Litchfield & Madison Ry. Co.	800,000	------	800,000	800,000
Louisiana & Arkansas Ry. Co.	*3,200,000	385,000	2,500,000	565,000
Maine Central RR. Co.	2,550,000	------	2,550,000	2,550,000
Maryland & Penna. RR. Co.	288,500	3,000	285,500	50,000
Meridian & Bigbee River Ry. Co. (trustee)	1,729,252	744,252	985,000	------
Minn. St. P. & S. Ste. Marie Ry. Co.	6,843,082	------	6,843,082	a6,843,082
Mississippi Export RR. Co.	100,000	------	100,000	100,000
Missouri-Kansas-Texas RR. Co.	5,124,000	------	5,124,000	2,309,760
Missouri Pacific RR. Co.	23,134,800	------	23,134,800	------
Missouri Southern RR. Co.	99,200	------	99,200	99,200
Mobile & Ohio RR. Co.	785,000	------	785,000	785,000
Mobile & Ohio RR. Co. (receivers)	1,070,599	------	1,070,599	1,070,599
Murfreesboro-Nashville Ry. Co.	25,000	------	25,000	------
New York Central RR. Co.	b41,499,000	5,000,000	36,499,000	36,499,000
N. Y. Chic. & St. L. RR. Co.	18,200,000	------	18,200,000	18,200,000
N. Y. N. H. & Hartford RR. Co.	7,700,000	222	7,699,778	975,008
Norfolk South. RR. Co. (receivers)	1,681,000	------	1,681,000	109,000
Northern Pacific Ry. Co.	5,000,000	------	5,000,000	5,000,000
Pennsylvania RR. Co.	29,500,000	600,000	28,900,000	28,900,000
Pere Marquette Ry. Co.	3,000,000	------	3,000,000	3,000,000
Pioneer & Fayette RR.	17,000	------	17,000	15,000
Pittsburgh & W. Va. Ry. Co.	9,045,207	------	9,045,207	4,975,207
Puget Sound & Cascade Ry. Co.	300,000	------	300,000	300,000
St. Louis-San Fran. Ry. Co.	7,995,175	------	7,995,175	2,805,175
St. Louis-Southwestern Ry. Co.	18,790,000	117,750	18,672,250	18,672,250
Salt Lake & Utah RR. Co. (receivers)	200,000	------	200,000	200,000
Salt Lake & Utah RR. Corp.	400,000	------	400,000	245,000
Sand Springs Ry. Co.	162,600	------	162,600	162,600
Savannah & Atlanta Ry. Co.	1,300,000	65,000	1,235,000	52,000
Seaboard Air Line Ry. Co. (receivers)	c8,545,000	128,000	8,225,000	624,000
Southern Pacific Co.	45,200,000	1,200,000	44,000,000	37,000,000
Southern Ry. Co.	51,405,000	500,000	50,905,000	47,471,000
Sumpter Valley Ry. Co.	100,000	------	100,000	100,000
Tennessee Central Ry. Co.	5,332,700	------	5,332,700	193,700
Texas City Terminal Ry. Co.	1,897,000	------	1,897,000	------
Texas Okla. & Eastern RR. Co.	108,740	108,740	------	------
Texas & Pacific Ry. Co.	2,035,000	------	2,035,000	789,000
Texas-South-Eastern RR. Co.	30,000	------	30,000	30,000
Tuckerton RR. Co.	45,000	6,000	39,000	39,000
The Utah Idaho Cent. RR. Corp.	452,000	------	452,000	210,080
Wabash Ry. Co. (receivers)	25,981,583	8,200	25,973,383	10,241,800
Western Pacific RR. Co.	4,366,000	------	4,366,000	1,403,000
Western Pacific RR. Co. (trustees)	13,502,922	------	13,502,922	3,736,165
Wichita Falls & Southern RR. Co.	750,000	------	750,000	500,000
Wrightsville & Tennille RR.	22,525	------	22,525	22,525
Totals	936,022,087	116,817,912	811,325,175	367,881,186

*Includes two guarantees by the Corporation of $350,000 each (one of which has been canceled) of securities sold by it. Since the sale $35,000 of the $350,000 has been repaid by the railroad, thus reducing the Corporation's liability under the guarantee. In addition the Corporation also guaranteed the payment of interest.

a The loan to Minneapolis St. Paul & Sault Ste. Marie Ry. Co. (The Soo Line) was secured by its bonds, the interest on which was guaranteed by the Canadian Pacific Ry. Co. and when the "Soo Line" went into bankruptcy, we sold the balance due on the loan to the Canadian Pacific, receiving $662,245.50 in cash and Canadian Pacific Ry. Co. notes for $5,500,000, maturing over a period of 10 years, $1,050,000 of which matured and has been paid.

b Includes a $5,000,000 guarantee (now canceled); in addition the Corporation also guaranteed the payment of interest.

c Includes $320,000 guarantee by the Corporation of securities sold by it. Since the sale, $128,000 of the $320,000 has been repaid by the railroad, thus reducing the Corporation's liability under the guarantee.

d Includes an agreement by which the Corporation may be required, or may elect, to repurchase at any time prior to maturity, $4,150,000 securities sold by it (now canceled).

In addition to the above loans authorized the Corporation has approved, in principle, loans in the amount of $393,799,259 upon the performance of specified conditions. Of this amount $339,172,821 has been canceled, leaving $54,626,438 outstanding at the end of the month.

Frederick P. Champ Urges Mortgage Bankers To Oppose Fulmer Farm Credit Measure

Members of the Mortgage Bankers Association were urged on Dec. 1 by Frederick P. Champ, President of the organization, to oppose the Fulmer Farm Credit Bill, now pending in Congress, contending that the measure represents "a direct attack upon the integrity of our credit structure and is socialistic in its implications." Mr. Champ stated that "the public generally knows very little of the bill, yet in its provisions and the tremendous influence it may exert in future private enterprise, it is certainly one of the most far-reaching proposals made in a decade." The bill, Mr. Champ said: (1) eliminates the cost to the farmer of obtaining a loan; (2) through Government subsidies guarantees an interest rate to all borrowers of 3½% for the next five years; (3) makes the Federal Land Banks strictly Government banks directly responsible to one individual in the Department of Agriculture, eliminating all co-operative features; and (4) provides for direct Government guaranty of outstanding land bank bonds and any new bonds that may be issued. Mr. Champ further commented:

Every mortgage lender, banker, business man, and citizen ought to fully support the national farm organizations in their opposition to the complete elimination of the cooperative feature of our present agricultural system. The bill does just that. The average cooperative borrower will have such a small share of responsibility in the success of the system that he could be expected to take almost no interest in it except to obtain a loan.

The bill will, in effect, permit the Government to entirely absorb the nation's farm mortgage credit system by making permanent the emergency measure of lending 75% of the appraised value of farm lands. It will convert the Federal Land Bank system from an institution owned by farmers and financed by capital secured in the open market into a system operated by the Government with public funds. It proposes a fixed interest rate of 3½% on farm loans for the next five years which is out of line with what urban people have to pay now for home financing and with what business men have to pay for loans.

The Fulmer measure means far greater control of farm financing in Washington than has ever been suggested in the past—and alert farm organizations have been quick to see this subtle threat to local management.

The bill closely resembles the old defeated Jones-Wheeler measure. It has the earmarks of another appeasement case and surely the disappointments of that policy must be fully appreciated by now. An original principle behind the measure was re-adjustment or scale-down of debts; and if that is introduced into the farm loan field, it may spread to other government-subsidized lending and government-insuring agencies. Who can say that it won't eventually spread to private contracts?

Although it purports to do so, it most emphatically does not relieve the Government from subsidy in the farm mortgage field. It does not relieve the Government from the burden of contributing public funds for working capital. We are in no depression emergency today. The Government ought to relieve itself of this continued burden while it can and when its resources and credit are so badly needed for defense purposes.

Now, while the nation's energies, manpower and wealth are being mobilized for our great defense effort, this complicated bill is proposed—many have observed—in somewhat the same manner as prohibition was.

It ought to be laid aside for consideration in a calmer and more normal atmosphere. Passage of this measure may well mean the beginning of a cycle of socialistic experiments that will make a mockery of many of the promises men live by today—such as the time-honored relation between debtor and creditor.

Stocks of Coal in Consumers' Hands on Nov. 1

The Bituminous Coal Division, United States Department of the Interior, in a report released on Nov. 29 reported that stocks of bituminous coal held by industrial consumers and retail dealers on Nov. 1, 1941, amounted to 61,462,000 net tons, which was 4,468,000 tons higher than Oct. 1, 1941, and 9,918,000 tons higher than Nov. 1, 1940.

Industrial consumption of bituminous coal and retail dealer deliveries during October rose 8.3% above the September total and 20.6% above the total for October 1940.

Each class of industrial consumer and the retail dealers shared in the substantial increases of stocks and consumption and on Nov. 1, 1941, stocks were sufficient to last 43 days when calculated at the rate of consumption and deliveries during the preceding month.

STOCKS AND CONSUMPTION OF BITUMINOUS COAL IN THE UNITED STATES, INCLUDING RETAIL YARDS

(Determined jointly by W. H. Young, Research Section, Bituminous Coal Division, and Thomas W. Harris, Jr., Chairman, Coal Committee, National Association of Purchasing Agents)

	Oct., 1941 (preliminary)	Sept., 1941 (revised)	% of Change
	—Net Tons—		
Stocks, End of Month, at—			
Electric power utilities*	11,919,000	11,637,000	+ 2.4
Byproduct coke ovens†	8,435,000	7,292,000	+15.7
Steel and rolling mills‡	909,000	827,000	+ 9.9
Coal-gas retorts‡	361,000	331,000	+ 9.1
Cement mills†	720,000	709,000	+ 1.6
Other industrials§	19,670,000	18,490,000	+ 6.4
Railroads (Class I)¶	9,548,000	8,758,000	+ 9.0
Total industrial stocks	51,562,000	48,044,000	+ 7.3
Retail dealer stocks	9,900,000	8,950,000	+10.6
Grand total	61,462,000	56,994,000	+ 7.8
Consumption by—			
Electric power utilities*	5,945,000	5,552,000	+ 7.1
Byproduct coke ovens†	6,983,000	6,814,000	+ 2.5
Beehive coke ovens†	968,000	901,000	+ 7.4
Steel and rolling mills‡	886,000	802,000	+10.5
Coal-gas retorts‡	142,000	126,000	+12.7
Cement mills†	676,000	630,000	+ 7.3
Other industrials§	10,600,000	9,050,000	+17.1
Railroads (Class I)¶	8,742,000	8,053,000	+ 8.6
Total industrial	34,942,000	31,928,000	+ 9.4
Retail dealer deliveries	8,500,000	8,200,000	+ 3.7
Grand total	43,442,000	40,128,000	+ 8.3
Additional Known Consumption—			
Coal mine fuel	356,000	335,000	+ 6.3
Bunker fuel, foreign trade	185,000	183,000	+ 1.1
Days Supply, End of Month, at—	—Days Supply—		
Electric power utilities	62 days	63 days	— 1.6
Byproduct coke ovens	37 days	32 days	+15.6
Steel and rolling mills	32 days	31 days	+ 3.2
Coal-gas retorts	79 days	79 days	----
Cement mills	33 days	34 days	— 2.9
Other industrials	58 days	61 days	— 4.9
Railroads (Class I)	34 days	33 days	+ 3.0
Total industrials	46 days	45 days	+ 2.2
Retail dealer	36 days	33 days	+ 9.1
Grand total	43 days	42 days	+ 2.4

*Collected by the Federal Power Commission. †Collected by the U. S. Bureau of Mines. ‡Collected by the Bituminous Coal Division. §Estimates based on reports collected jointly by the National Association of Purchasing Agents and the Bituminous Coal Division from a selected list of 2,000 representative manufacturing plants. The concerns reporting are chiefly large consumers and afford a satisfactory basis for estimate. ¶Collected by the Association of American Railroads. Includes powerhouse, shop and station fuel.

Industrial Anthracite

Each of the three classes of industrial anthracite consumers reported increases in stocks and consumption between Oct. 1 and Nov. 1, 1941.

ANTHRACITE AT ELECTRIC POWER UTILITIES, RAILROADS, AND OTHER INDUSTRIAL PLANTS (Net Tons)

	Oct., 1941§	Sept., 1941	July 1941	Oct., 1940	% of Change From prev- month	From year ago
Electric power utilities*—						
Stocks, end of month	1,371,655	1,317,242	1,263,568	1,197,711	+ 4.1	+14.5
Consumed during month	273,073	265,229	272,561	234,174	+ 3.0	+16.6
Days supply, end of mo.	156 days	154 days	144 days	159 days	+ 1.3	— 1.9
Railroads, (Class I)†—						
Stocks, end of month	216,978	172,616	87,546	150,592	+25.7	+44.1
Consumed during month	96,875	95,790	99,975	102,548	+ 1.1	— 5.5
Days supply, end of mo.	69 days	54 days	27 days	46 days	+27.8	+50.0
Other industrial consumers— (Selected representative plants‡)						
Stocks, end of month	230,578	225,580	205,221	220,618	+ 2.2	+ 4.5
Consumed during month	89,141	86,824	81,103	92,125	+ 2.7	— 3.2
Days supply, end of mo.	80 days	86 days	78 days	74 days	— 7.0	+ 8.1

*Collected by the Federal Power Commission. †Collected by the Association of American Railroads. ‡69 firms reported for September and October, 1941; 73 firms for July, 1941, and 80 firms for October, 1940. §Subject to revision.

Domestic Anthracite and Coke

Reports for Nov. 1, 1941, from 238 selected retail dealers indicate that stocks of domestic antharcite advanced 9.9% over Oct. 1, while stocks of domestic coke declined 1.0% during the same period. Anthracite in producers' storage yards rose from 708,210 tons in Oct. 1 to 1,176,519 tons on Nov. 1.

SUMMARY OF STOCKS OF DOMESTIC ANTHRACITE AND COKE

Retail stocks, 238 selected dealers—	Nov. 1, 1941†	Oct. 1, 1941	Aug. 1, 1941	Nov. 1, 1940	% of Change From prev- month	From year ago
Anthracite, net tons	466,830	424,840	305,897	325,944	+ 9.9	+43.2
Anthracite, days supply*	96 days	59 days	32 days	49 days	+62.7	+95.9
Coke, net tons	61,455	62,092	53,869	70,337	— 1.0	—12.6
Coke, days supply*	101 days	74 days	61 days	81 days	+36.5	+24.7
Anthracite in producers' storage yards†	1,176,519	708,210	267,660	1,112,325	+66.1	+ 5.8

*Calculated at the rate of deliveries to customers in the preceding month. †Courtesy Anthracite Institute. ‡Subject to revision.

SEC Reports 25 Security Issues Totaling $154,477,000 Were Registered In October

The Securities and Exchange Commission announced on Nov. 28 that statistics on registrations effective during the month of October 1941 under the Securities Act of 1933 were notable chiefly for the high amount proposed for application to fixed and working capital relative to that proposed for refunding purposes and also for the high proportion of common stock in the total for other types of securities, according to an analysis prepared by the Research and Statistics Subdivision of the Commission's Trading and Exchange Division.

The total number of statements which became effective during the month was 19, covering 25 issues of securities in the aggregate amount of $154,477,000, which compares with $176,042,000 in September 1941 and $287,456,000 in October 1940. Of total registrations in October, $213,000 consisted of substitute securities, $4,105,000 were registered for the accounts of others than the issuers, $4,705,000 were to be reserved for conversion into other securities and $600,000 were reserved for options. The amount of $144,854,000 remaining after deducting these items was registered by the issuers and intended for sale, and is the amount treated in the remainder of the analysis.

The following additional data is supplied by the Commission:

Manufacturing companies proposed $77,903,000 for sale, or 53.8% of the total for all industrial groups in October 1941. Substantially all of this was divided about equally between manufacturers of electrical machinery and equipment and by manufacturers of paper and paper products. Electric, gas and water utilities accounted for $46,381,000, or 32.0% of the total. Financial and investment companies were third in importance with $10,579,000, or 7.3%, followed by agricultural companies with $5,000,000, or 3.4%, merchandising companies with $3,143,000, or 2.2%, and transportation and communication companies with $1,848,000, or 1.3%.

Common stock in the amount of $77,859,000 comprised 53.7% of the value of all types of securities registered by issuers for sale. This was the highest proportion for common stocks in any single month since October 1939 and compares with 10.4% for September 1941 and 1.6% for October 1940. Preferred stock registrations by issuers for sale amounted to $12,288,000, or 8.5% of the total, compared with 3.9% in the same month of 1940. Bonds (and face amount certificates) were registered for sale in the amount of $54,707,000, or 37.8% of the total, compared with 94.5% in the similar month of 1940.

Public investors were expected to absorb $62,800,000, or 43.3% of the total registered by issuers for sale in October. Investors already holding securities of issuers were expected to take $79,780,000, or 55.1%, and only 1.6% was destined for "others."

Compensation to underwriters and agents was estimated to be $1,724,257, or 1.2% of the total gross proceeds. Other expenses amounted to $832,680, or 0.6%.

The net proceeds after deducting estimated cost of flotation of securities registered by issuers for sale in the month of October 1941 were to amount to $142,267,000, or 98.2% of the gross proceeds. Additions to working capital were expected to absorb $56,062,000, or 39.4% of total net proceeds. Additions to plant and equipment were expected to require $27,071,000, or 19.0% of net proceeds. All new money uses aggregated $83,233,000, or 58.5%, compared with 20.3% in September 1941 and with 6.0% in October 1940. The retirement of bonds and notes was expected to absorb $43,754,000, or 30.7% of total proceeds, and $9,071,000, or 6.4%, was to be applied to other debt. Preferred stock was to be retired with $813,000, or 0.6% of total net proceeds, making the aggregate for payment of indebtedness and retirement of preferred stock $53,638,000, or 37.7% of the total, compared with 77.0% in September 1941 and 93.0% in October 1940. All other uses amounted to $5,397,000, or 3.8% of total net proceeds.

EFFECTIVE REGISTRATIONS UNDER THE SECURITIES ACT OF 1933
(By Types of Securities)
October, 1941

Type of Security	Total securities effectively regist. No. of Issues	Amount	Total, less securs. res. for conversion or substitution Amount	Percent Oct., 1941	Oct., 1940	Securities proposed for sale by issuers Amount	Percent Oct., 1941	Oct., 1940
Secured bonds	3	44,128,000	44,128,000	29.5	84.3	44,128,000	30.5	90.0
Unsecured bonds	1	10,000,000	10,000,000	6.7	4.2	10,000,000	6.9	4.5
Face amt. certificates	1	579,096	579,096	0.4	---	579,096	0.4	---
Preferred stock	6	13,138,342	13,138,342	8.8	8.7	12,288,342	8.5	3.9
Common stock	12	85,427,708	80,722,665	54.0	2.7	77,858,940	53.7	1.6
Certificates of partic., beneficial int., etc.	0	------	------	---	---	------	---	---
Warrants or rights	1	990,932	990,932	0.6	0.1	------	---	---
Substitute securs. (V.T. ctfs. & ctfs. of dep.)	1	212,476	------	---	---	------	---	---
Grand Total	25	154,476,554	149,559,035	100.0	100.0	144,854,378	100.0	100.0

Items About Banks, Trust Companies

The number of banks in the Second (New York) Federal Reserve District that have become members of the Federal Reserve System since the first of the year was increased to 40 on Nov. 19 with the admission of the Vassar Bank, Arlington, N. Y. This new member bank has resources of around $1,270,000. The institution is headed by James Townsend.

Other new members of the Federal Reserve System recently admitted in the Second District were:

Bank	Effective date	Assets
Bank of Attica, Attica, N. Y.	Nov. 18	$1,600,000
Phillipsburg Trust Co., Phillipsburg, N. J.	Oct. 28	1,700,000
Rye Trust Co., Rye, N. Y.	Oct. 11	2,175,000
State Bank of Williamson, Williamson, N.Y.	Oct. 10	2,156,000
Rensselaer County Bk & Trust Co., Rensselaer, N. Y.	Oct. 8	5,500,000

Theodore G. Montague, President and a Director of the Borden Co., has been nominated to become a Trustee of the Bank of New York.

Dan H. Otis, Director of the Agricultural Commission of the American Bankers Association, died on Nov. 20 in Minneapolis. Mr. Otis, who lived in Madison, Wis., had been Director of the Commission for 18 years. During the early part of his career he had been engaged in teaching agricultural subjects at Kansas State College and Wisconsin University and had been editor of "The Kansas Farmer" for several years. Before becoming associated with the ABA, Mr. Otis was connected with the Wisconsin Bankers Association as director of its banker-farmer exchange.

Garrett S. Hoag, Massachusetts director of liquidation of closed banks, announces that the court has approved a petition to pay a final dividend in liquidation of $323,000 to depositors in commercial and savings departments of the Inman Trust Co. of Cambridge, the Brockton Trust Co. and the Plymouth County Trust Co. of Brockton. All three companies closed in the final quarter of 1931. Including the latest authorizations, depositors of the Inman Trust Co. will have received a total of $2,246,000, while the Brockton Trust Co. will have returned about $1,048,000 and the Plymouth County Trust Co. a total of $1,934,000.

The promotion of 10 officers and appointment of three new executives of the Girard Trust Co., Philadelphia, has been announced by James E. Gowen, President, F. Lewis Barroll, Treasurer and an officer for 24 years, is made Vice President and Treasurer and George H. Brown, Jr., Assistant Vice President, also becomes a Vice President.

The other promotions, chiefly in the Trust Investments' Division, are announced by Mr. Gowen as follows:

Morton Smith from Trust Investments Officer to Assistant Vice President; T. Wesley Matthews from Assistant Secretary to Trust Officer; W. O. Master from Assistant Trust Investments Officer to Trust Investments Officer; S. Powell Griffitts from Assistant Statistician to Trust Investments Officer; F. W. Elliott Farr from Assistant Statistician to Company Statistician.

W. Taylor Vallier, who has had charge of the investment supervisory unit, is named Assistant Trust Investments Officer.

Two new Trust Officers in the administrative branch of the trust department are William L. Cleaves and G. Randle Grimes, both promoted from Assistant Trust Officer.

In the banking department, A. T. Shinkle, for many years in charge of the service unit, was appointed Assistant Treasurer.

In the real estate department, John W. Woermer was advanced from Assistant Real Estate Officer to Real Estate Officer, and Horace P. Camden, Jr., was made Assistant Real Estate Officer.

Leo T. Crowley, Chairman of the Federal Deposit Insurance Corporation, announced on Nov. 20 that the Franklin Trust Co. and the Lamberton National Bank, both of Franklin, Pa., will be merged on Dec. 20 with the Exchange Bank & Trust Co., also of Franklin. Advices from Franklin Nov. 22 to the "Wall Street Journal" said.

A formal statement was issued by Mr. Crowley, which indicated all deposits were safe and protected, and that normal affairs of all three institutions would be conducted until the merger takes place.

Rodney Prior Lien, Superintendent of Banks in Ohio, will resign that post on Jan. 1, to become Vice President and Comptroller of the Cleveland Trust Co. Directors of the Cleveland Trust Co. announced Mr. Lien's election on Nov. 24. Mr. Lien was President of the National Bank of Lima (Ohio) at the time Governor Bricker appointed him Superintendent of Banks in January, 1940.

The purchase of the remaining assets of the closed Commercial Savings Bank and Trust Co., Toledo, Ohio, for $167,000 by a Cincinnati syndicate was recently disclosed. This same group last September bought the assets of the Security-Home Trust Co., Toledo, for $1,950,000.

The Commercial Merchants National Bank and Trust Co., Peoria, Ill., announces with regret the recent death of its Chairman of the Board of Directors, Judge George T. Page.

Edward G. Quamme, a prominent figure in the Federal Land Bank movement and the first President of the St. Paul Federal Land Bank, died on Nov. 20 at his home in Minneapolis. He was 62 years old. Mr. Quamme owned a bank at Finley, N. D., when he was selected by the Farm Loan Board to organize the Seventh District Federal Land Bank in St. Paul in December, 1916. He remained at the head of it until April, 1925, when he resigned. At the time of his death he was retired.

The membership of the Federal Reserve Bank of St. Louis was recently increased to 435 with the admission of the Bank of Sainte Genevieve, Ste. Genevieve, Mo. The new member, the 19th this

year, was organized in 1902 and has resources of $477,076. Its President is Charles W. Meyers.

The American Bank & Trust Co., New Orleans, La., recently announced the following promotions: William K. Settoon from Assistant Vice President to Vice President; Harold W. Mischler, from Assistant Cashier to Assistant Vice President and Frank A. Tranchina from central teller to Assistant Cashier.

The Security-First National Bank of Los Angeles, recently announced plans for the consolidation, early in 1942, of the First National office at 7th and Spring Sts., with the Security office at 5th and Spring. The consolidation will bring together the former head offices of the two banks, merged in 1929. The Seventh and Spring location served as head office of the First National Bank, and the Fifth and Spring location head office of the Security Trust & Savings Bank.

The Bank of Montreal announces that B. C. Gardner, Assistant General Manager in charge of the Quebec, Maritime and Newfoundland division, has been assigned to special executive duties at the head office. Appointed to succeed him in charge of that division is F. G. Belcher, of Winnipeg, who has been superintendent of the bank's branches in Manitoba and Saskatchewan. Mr. Belcher's place in Winnipeg is to be taken by Angus Macpherson, who since 1937 has been manager of the bank's Chicago branch. Mr. Gardner was formerly first agent of the Bank's office in New York.

Petroleum And Its Products

Under sharp attack by the industry for the failure of the Office of Price Administration to complete its price study, started last July, upon which depends possible crude oil prices proposed in several areas, Leon Henderson, OPA head, this week reported to the petroleum industry that though prices of petroleum products had been "pegged" at the Nov. 7 level by the OPA, advances above that level might be approved upon submission of certain facts to the Government agency.

A "prompt decision" upon any request to advance prices, where it was backed by sufficient evidence was promised in the letters sent to the industry by Administrator Henderson. The OPA at present is working upon a price study which started several months ago when Phillips Petroleum Co. sought permission for an advance in crude oil prices. The request was deferred pending the completion of the price study, and during this period the OPA has "asked" and obtained the retraction of price advances posted in the Pennsylvania fields and in north Texas.

Any petroleum company seeking to raise prices because of higher production, transportation, labor, material, marketing or other costs must submit the following information to support its request, according to the terms suggested by Mr. Henderson. The conditions fall in the four following categories:

A—The price history from Jan. 1, 1940, to date for the product on which an increase is proposed, showing the date prices were revised and the changed price on those dates.

B—A comparative statement of actual costs indicating increases and dates they were effective, with supporting data showing how costs were figured.

C—Comparative profit and loss figures showing earnings before income taxes. The earnings figures must cover the nearest period for which data is available, compared with the same period for the previous year, viz., nine months of 1941 compared with nine months of 1940, and also for the full year 1940.

D—A statement of conditions resulting in increased posts and the necessity for increased prices.

Similar data also was asked to support any proposed increase above the Nov. 7 level because of changes in marketing conditions, contract renewals or abnormality of Nov. 7 prices. The products on which proposed price increases must be presented to OPA include crude petroleum, all grades of gasoline, kerosene, including range oil and stove oil, distillate fuel oils, residual fuel oils, asphalts, lubricating oils, including motor oils and stock oils. For the time being, industrial lubricating oils, greases, compounded oils, specialty products, services are excluded from this classification, although the OPA said it was watching prices of these products.

"The Office of Price Administration is arranging to give prompt decision upon applications for price increases, providing such applications are accompanied by complete and adequate data to support the necessity or reason for the proposed increase," Mr. Henderson said. "It is requested that proposals for price increases be presented as far in advance as possible to give reasonable time for analysis of the applications and obtaining of any additional information required. Consideration is now being given to the interpretation of the Nov. 7 request regarding prices applying to formal bid transactions. As soon as details are available, this interpretation will be released to the industry."

Petroleum Coordinator Ickes on the same day, disclosed the establishment of an industry council to aid in most effectively mobilizing the resources of the industry in which trade associations as well as operating companies will play a part. A wire announcing the establishment of the council and making appointments to its membership was sent to industry executives and representatives by the Petroleum Coordinator in which he notified them that the first meeting of the new organization would be held in Washington on Dec. 8 Monthly meetings will be held and the membership of the present general district committees will be included, ex officio, in the national group.

"In order to provide for the fullest cooperation between Government and industry in the work of petroleum coordination," Mr. Ickes said in his wires, "I am at this time creating a national council, to be designated the 'Petroleum Industry Council for National Defense'. This council will consist of a membership of both large and small interests in the industry, geographically so distributed as to insure a truly representative group. * * * In view of your extensive knowledge of the petroleum industry and your broad interest in its operations, I should like to have you a member of this Petroleum Industry Council for National Defense, to serve without compensation during the emergency. Your telegraphic acceptance of the appointment and assurance that we may count upon your attendance at the Dec. 8 meeting will be much appreciated."

Following the personal appeal last week of E. O. Thompson Chairman of the Texas Railroad Commission, and a group of Texas oilmen to Petroleum Coordinator Ickes, asking that he recommend a price advance to Leon Henderson, Representative Disney, of Oklahoma, informed the House of Representatives in a statement placed in the Congressional Record on Nov. 25 that an increase in crude petroleum prices over the current levels is necessary to meet increased costs and to insure exploratory work. He stressed that the current "low" level of crude prices combined with rising operating costs were reducing stripper operations and holding down the development of new discoveries, a combination which might lead to serious oil shortages within the next few years barring action to correct the conditions by the OPA.

Upon his return to Austin from Washington early this week Chairman Thompson reiterated his contention that higher crude prices are imperative immediately, pointing out that the low prices and scarcity of pipe is causing the abandonment of many stripper wells, "the backlog of our oil production." He stressed the point that a price markup is needed to keep these wells going, especially those wells which produce only three or four barrels of crude oil daily. An increase of 35 to 50 cents a barrel in crude oil prices, sharpest yet suggested, combined with liberal allowables for new discoveries would bring about increased exploration work and new fields, he said.

The removal of the 7-cent a barrel differential between crude produced in North Texas fields and that produced in the adjacent Oklahoma fields was again urged by Mr. Thompson. It was to correct this differential that oil companies recently advanced North Texas crude prices 7 cents a barrel only to be "requested" by the OPA to rescind the advance, which was done. In predicting unprecedented demands for oil in the spring, Mr. Thompson said, "wherever there is a demand for crude and wherever that demand can be filled without causing physical waste, then in my opinion the Commission should grant that allowable."

Top priority ratings for five more plants to manufacture either 100-octaine aviation fuel or some of its components was announced by Petroleum Coordinator Ickes in Washington this week as the Government's program to triple current productive capacity of this aviation necessity from its 40,000-barrel total by 1943 drove ahead. In addition, he announced that high ratings had been obtained for materials to be used in the construction of facilities for the manufacture of aviation and other special lubricating oils needed under the defense program. Current U. S. refining capacity for 100-octane aviation gasoline is estimated to be several times that of the rest of the world.

Daily average crude oil production during the final week of November showed a sharp recession from the record high achieved during the Nov. 22 week, according to today's report of the American Petroleum Institute. Production was placed at 4,086,600 barrels, against a peak of 4,336,850 barrels a week earlier, a decline of 250,250 barrels. December allowable as recommended by the U. S. Bureau of Mines in its regular monthly market demand forecast was 4,-139,000 barrels. Texas production was off 221,800 barrels during the week, with practically all other major oil producing States reporting lower output totals.

Expansion plans calling for the expenditure of 40,000,000 pesos for exploration and modernization of refineries were announced in Mexico City this week by the Mexican Petroleum Administration, or "Pemex" with E. Buenrostro, head of the organization, disclosing that the money will be spent in the northern oil regions, including Tampico and Poza Rica. He disclosed that a marine department would be set up at Tampico with facilities to repair the existing fleet of 15 oil tankers, while present plans call for the purchase of two additional 7,000-ton tankers.

There were no crude oil price changes posted during the week.

Prices of Typical Crude per Barrel At Wells

(All gravities where A. P. I. degrees are not shown)

Bradford, Pa.	$2.75
Corning, Pa.	1.31
Eastern Illinois	1.22
Illinois Basin	1.37
Mid-Contin't, Okla., 40 and above	1.25
Smackover, Heavy	0.83
Rodessa, Ark., 40 and above	1.20
East Texas, Texas, 40 and above	1.25
Kettleman Hills, 37.9 and over	1.29
Pecos County, Texas	0.95
Lance Creek, Wyo.	1.12
Signal Hill, 30.9 and over	1.23

Refined Products

Further indications that the day when high-test gasoline will no longer be available to civilian motorists in unlimited quantities is fast approching developed this week when reports from Washington quoted defense officials as believing that increasing defense demands for this type of motor fuel may force sharp restrictions in civilian use. The Ethyl Gasoline Corp. recently announced that it was prorating deliveries of tetra-ethyl due to increased demand for this product in the defense program.

The Office of Production Management and the Office of the Petroleum Coordinator have asked the petroleum industry to determine by Dec. 8 what effect a curtailment of the use of high-test motor fuel would have upon the industry. The petroleum industry, it was reported, has been asked to gauge the effect of curtailment in various degrees, ranging up to the complete elimination of high-test gas from the civilian market.

The United States Maritime Commission, acting in accord with its policy of maintaining charter and cargo rates at as reasonable a level as possible, on Nov. 29 announced a 20% reduction in basic freight rates for transportation of oil in tankers The new maximum rate is 40 cents per barrel on the basis of gasoline from Port Arthur to New York with the Commission's statement announcing that port and product differentials would be set later. The present rate is 50 cents a barrel.

The tanker rate cut probably will mean the maintenance of East Coast refined product prices at current levels, since the agitation for higher prices was built in large part about the increased tanker costs, oilmen felt. No actual reductions are likely to develop as a result of the cut however, since prices of refined products did not keep pace with the rising tanker costs during the past few months. Prices of gasoline and other refined products held steady to strong with heating oils showing seasonal strength.

The mid-summer shortage scare is credited with advance buying of heating oils to the point where fall prices, further hampered by the abnormal warm weather, failed to show their usual seasonal advances. The colder weather now, however, has strengthened the price structure somewhat. All fears of any shortage of heating oils on the East Coast this winter have been thoroughly dissipated by the warm weather combined with the return of tankers loaned to Great Britain early this fall.

Inventories of finished, unfinished and aviation gasoline continue to show normal seasonal gains, with stocks rising approximately 950,000 barrels during the final week of November to 85,-525,000 barrels. The American Petroleum Institute report also disclosed a sharp expansion in refinery activity, which stood at 95.1% of capacity last week, against 92.3% a week earlier. Refinery runs of 4,115,000 barrels represented a gain in the daily average of 120,000 barrels. Production of gasoline climbed to 14,089,000 barrels from 13,555,-000 in the previous week.

Prices of refined products showed little change during the week.

U. S. Gasoline (Above 65 Octane), Tank Car Lots, F. O. B. Refinery

New York—	
Socony-Vac.	$.085
Tide Water Oil	.09
Texas	.085
y Shell Eastern	.085
Other Cities—	
Chicago	.06-.06 3/8
Gulf Coast	.06-.06
Oklahoma	.06-.06 3/8

y Super.

Kerosene, 41-43 Water White, Tank Car, F. O. B. Refinery

New York (Bayonne)	$.053
Baltimore	.0525
Philadelphia	.0525
North Texas	.04
New Orleans	4.25-4.625
Tulsa	.04 3/8-.04 3/4

Fuel Oil, F. O. B. Refinery or Terminal

N. Y. (Harbor) Bunker C.	$1.50
Diesel	2.15
Savannah, Bunker C.	1.30
Philadelphia, Bunker C.	1.50
Gulf Coast	$.85-.90
Halifax	1.70

Gas, Oil, F. O. B. Refinery or Terminal

N. Y. (Bayonne) 7 plus	$.04
Chicago, 28,30 D	.053
Tulsa	.03 5/8

Farmers Have Good Year

Farmers are bringing to a close their best year since 1929 with production, prices, and income at high levels, the U. S. Department of Agriculture reported on Dec. 1 in its monthly report giving the features of the current and prospective agricultural situation. Purchasing power of farm products reached parity in late Autumn, but only as a general average, the Department says. Many products continue to sell below parity, including cotton, corn, wheat, oats, peanuts, rice, apples and eggs. Commodities selling at or above parity include tobacco, beef cattle, hogs, chickens, butterfat, wool and veal calves. The Department's review further says:

> The year-end analysis by the Bureau of Agricultural Economics shows a rising consumer demand for farm products, and prospects that food production in 1942 will be the largest on record. Prices are expected to average higher than in 1941—both prices received and prices paid by farmers. Recently, prices paid by farmers have been rising more than prices received, thereby lessening the purchasing power of farm products.
>
> The farm plant appears in good physical condition—drought areas in the East excepted—and with good weather during the coming year, 1942 food production goals will be attained, possibly exceeded. Meanwhile, Department agencies are making every effort to see that farmers have the farm equipment needed for the large volume of production sought during the coming year. The farm labor problem also is being attacked on a broad front of Federal, State and local cooperation.
>
> The 1942 volume of production will cost more in money and farm family labor than in a number of years past, but total cash income from marketings plus Government payments will be the largest in more than 20 years, the Bureau believes. A cash farm income of $13,000,-000,000 has been forecast for 1942, as compared with $11,-200,000,000 in 1941. The increase in income is predicated on continuing improvement in demand for farm products and increased production under the Food-for-Freedom program.

LEGAL ODDITIES

HIRED IN N. Y.—INJURED IN N. J.

The Cream of Hollywood Moving Picture Corporation was manufacturing "screen classics" in New York City and adjacent territory, and the screen-struck youth from Ruralburg was applying for a position.

"I've taken part in some church theatricals, and was one of the leading actors in the high school play the seniors put on last winter. Here's a clipping from the local paper, speaking very highly of my work," the applicant explained.

"You're hired—$200 a week to start on."

"What'll my chief duties be?"

"Throwing yourself in front'a automobiles, jumpin' from a pony's back to the top'a freight cars, walking from the top'a Woolworth to the Singer, and stunts like that. The director'll tell you's you go along."

The new actor started work the next day in a new picture called "Loveless Love," written by the assistant prescription clerk in a Buffalo drug store. Part of the picture was made in the New York studio, and then the producing company moved over to New Jersey.

"Chase the hero up the mast of that schooner and when you get up a hundred feet or so, fall back on the deck. We'll look out for you," the director ordered.

The Ruralburg star "shinned" up the mast, came down like a stone, broke his leg, nose and thumb on the deck, and sued the corporation in the New York courts for damages under the Workmen's Compensation Law of that State.

"You can't collect here for a New Jersey accident," the Corporation argued.

"I was hired in New York, was working here, and the New Jersey work was simply an incident of my New York job," the actor contended, and the New York courts, in a case reported in 200 N. Y. S., 344, decided in his favor.

Argentina To Sell All Its Tungsten To U. S.

A three-year agreement under which Argentina will sell her entire production of tungsten to the United States has been concluded, it was announced, in Buenos Aires on Nov. 27. The metal is essential for the production of steels used in the manufacture of munitions. With respect to the agreement, the Associated Press, in advices from Buenos Aires, reports:

The chief sufferer will be Japan, which has been taking about half of the Argentine tungsten production. The agreement was in keeping with the American policy of purchasing supplies of strategic materials from other American States.

Argentina, which this year has mined nearly 2,000 tons of tungsten ore, or wolframite, is the third largest producer in the hemisphere, after the United States and Bolivia, and the seventh largest in the world.

The agreed price for the ore is $21 a ton. Most of the world's supply, which comes from China, has been selling at $24 to $26 in New York. World production has been estimated at 28,000 tons annually.

Ganson Purcell Proposes Government Machinery To Guide Corporate Financing

The assertion that the topheavy corporate debt must be replaced with "more resilient forms of capitalization," was made at Detroit on Nov. 24 by Ganson Purcell, member of the Securities and Exchange Commission, who stated that refunding was wise, but added that this frequently does not go far enough. Mr. Purcell, who spoke before the Economic Club, of Detroit, is also indicated as saying:

If we are to have a sound securities market after the emergency it will be sound only because industry itself is sound.

In Detroit advices to the New York "Sun" he was likewise reported as saying:

Unwieldy industrial corporate structures, as well as those of public utility companies, must be simplified so that business can withstand the post-war shocks.

Many corporations today could not only reduce their interest rates on outstanding issues, but could actually reduce, if not completely eliminate debt from their corporate structures This they should do, and if it is not done voluntarily the Government — preferably through the medium of an inter-departmental group—should be in a position to require that it be done wherever refinancing plans are in process.

This function already has been performed in connection with the vastly important public utility industry and the net result already has been marked improvement in the financial health of that industry.

Action by industrial companies along two lines as follows, were suggested by Mr. Purcell, according to Detroit advices to the "Wall Street Journal:"

1. Reduce corporate debt so that financial structures will be more flexible in the post war period when transition must be made to peacetime production.

2. Build up reserves that will help the companies to absorb post war financial shocks.

From the "Wall Street Journal" advices we also quote:

The SEC Commissioner suggested that funds which corporations might accumulate during this period could either be invested in the senior securities of the corporation itself or in Government bonds "as a direct investment in the defense effort."

For reducing outstanding debt Mr. Purcell proposed that corporations:

1. "Pay off part or all of their corporate debt structure through the issuance of other types of securities."

2. Use "sinking funds for periodic redemption of debt securities."

3. Issue "serial debentures which would be paid off according to a fixed schedule."

Government machinery to guide corporate financing during this emergency period should not consist of any single agency, according to Mr. Purcell.

"The various agencies of Government whose activities relate to this important field of corporate finance should be drawn together as an inter-departmental committee to administer such emergency powers as may be necessary to this program," he said. "In this way we could be sure of proper coordination as to objective and action during the emergency. In short, therefore. I am not suggesting that this emergency powers function be assigned to the Securities and Exchange Commission or to any other agency alone. Nor am I suggesting permanent additions to our existing mechanisms for the regulation of finance. This is solely an emergency program.

"The financing plans of industry," continued Mr. Purcell, "must be scrutinized by such a committee to make sure that they will result in stronger and not weaker industrial units. The building of substantial corporate reserves must be temporarily encouraged so that industry will have sufficient fat on its bones to carry it through lean periods in the future and—we should not delude ourselves — such periods will occur at some time in the future."

The SEC Commissioner also warned that it is a mistake to assume that a shortage of capital may not arise at some time in the future.

Pointing out that each separate function in the defense program interlocked with all the others, and citing price controls, allocations, sales of defense bonds and other elements in this connection, Mr. Purcell asserted that virtually all phases of the Nation's economy "save one" had been marshaled and organized for this effort. The New York "Times" in reporting Mr. Purcell to this effect, likewise noted his further remarks in part, as follows:

"That one is capital," he declared. "The common answer on this point has been that there is no immediate danger of a shortage in capital. But those who have sometimes raised their voices in criticism because they felt the defense effort was moving too slowly should remember that we would undoubtedly have been far ahead of where we are right now if we had had the foresight to build the machinery to meet some of these problems before the problems themselves were upon us.

"That there is no shortage of capital ahead of us is indeed in itself a very debatable point, when one considers the enormous cost of our defense effort. Although we may never need a levy on capital in this country, it seems most unwise not to initiate now some temporary measures of conservation and direction of capital usage beyond that which can be attained solely by allocation and priorities of materials."

Reduction of bonded indebtness and the substitution of equity securities were also advocated by the Commissioner, according to advices from Detroit to the New York "Herald Tribune," which went on to say:

Each company must, of necessity, be treated as an individual problem, he said, but this should not deter us from seeking to promote sounder financial organizations. "Unwieldy corporate structures must be simplified," Mr. Purcell said. "Top-heavy corporate debt must be replaced with more resilient forms of capitalization."

Reserves must also be built up to help tide companies over the period of readjustment after the war, he said. This "must be temporarily encouraged so that industry will have sufficient fat on its bones to carry it through lean periods of future and—we should not delude ourselves—such periods will occur at some time in the future.

"If these reserves built up in this country from the defense profits prove unnecessary in the post-defense period," Mr. Purcell said, "they can be distributed as dividends to stockholders, thus furnishing a welcome source of income and purchasing power when most needed." The Government should require the building of these reserves, he said.

"By the same token," he continued, "it may well prove wise to insist that corporate salaries be reasonably restricted. This would be a not insignificant conservation measure, and it might also overcome the temptation of management to compensate itself for the higher schedules of personal taxes.

"At first blush these may sound like drastic suggestions," Mr. Purcell said. "On closer examination, however, I doubt that to the open-minded person they will be found to represent more than the exercise of sound business judgment in matters relating to corporate financial practices during such a period as this."

An earlier address by Mr. Purcell in which he discussed the problem of corporate financing in the light of national defense and post war needs, was referred to in our issue of Oct. 30, page 833.

Social Structure Dependent on Control, Not Ownership of Property, Dr. Drucker Declares

The war has eliminated the importance of money and international trade as basic factors in world economics, Dr. Peter F. Drucker, Professor of Economics at Sarah Lawrence College, declared Nov. 30 in an address before the free public forum at Cooper Union, in New York City. "In every belligerent country today, money has ceased to be the center of economic policy and is not even an important tool any more," Dr. Drucker, who gave the second in a series of four Sunday evening lectures at Cooper Union devoted to the effect of war on the social sciences, pointed out.

"Everywhere we see that direct intervention into consumption and production has replaced the indirect monetary policies of yesterday. Whereas monetary policies were always dependent in the last analysis upon such non-economic factors as 'confidence' for their success, the new policies have achieved near miracles which monetary policy could never have achieved. Therefore it is likely, perhaps one might say even certain, that after this war these new policies will not disappear but will continue as the basis of our post-war economic policies."

The industrial monopoly of the Western world has disappeared, Dr. Drucker pointed out. "The great new development today is the rapid industrialization of countries which were purely colonial in their economic structure only five years ago. A second basic factor in the international field is the shift of the center of economic gravity from Europe to America, a shift that has been going on for thirty years and has now been completed.

"What this means is indicated by the fact that this is a shift of the center of economic gravity from the most import-dependent country in the world, England, to the least import-dependent one, the United States. Together these two factors forecast a world in which international trade will have ceased to be a basic factor of international economic relations, and in which questions of international economic policy which have been completely neglected these last fifty years will become the fundamental problems. Chief among them will probably be the problems of international migration and of international capital movements."

The economic lessons which we can draw from the present war for the future post-war world, Dr. Drucker explained, have all to do with developments which have been going on for a considerable time before the war, but which have only become visible and accomplished facts through the war.

"The discussion between capitalism and socialism has become pointless, at least in the form in which we have known it," Dr. Drucker said. "Both parties in this century-old discussion assumed that ownership and profits determine the structure of society, that is, that private ownership and private profits represent capitalism, and nationalized ownership and nationalized profits represent socialism.

"Today we see in every belligerent country that what matters is not ownership, or to an even lesser extent, profits, but control. Whether ownership remains in private hands or whether profits are maintained is completely unimportant as long as the control is in the hands of a goverment as it is in every war-economy today. Ownership and profits have become legal titles without political or social meaning in both England and Germany. And the basic discussion of the future is bound to be not on ownership and profits but on control and initiative."

Funds For Payment On Rio Grande Bonds

The Chase National Bank of New York has received funds as special agent with which to pay holders of State of Rio Grande do Sul (Brazil) consolidated municipal loan 40-year 7% sinking fund gold bonds due June 1, 1967, 14.35% of the face value of coupons due June 1, 1939, on their bonds, amounting to $5.0225 per $35 coupon and $2.51125 per $17.50 coupon. The payment, which is to be in full satisfaction of all claims for interest represented by the coupons, may be obtained at the coupon paying division of the special agent, 11 Broad Street, New York.

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